

BRITISH HALLMARKING COUNCIL

Minutes of a meeting of the British Hallmarking Council (the Council) held at Goldsmiths' Hall, Gutter Lane, London, EC2V 8AQ on Monday 13 April 2015 at 11 a.m.

PRESENT:

- Mr Christopher Jewitt (Chairman)
- Mr Bryn Aldridge
- Mr Simon Batiste
- Ms Carol Brady
- Mr Robert Grice
- Ms Kate Hartigan
- Mr Chris Heaton
- Mr Andrew Hinds
- Mr Derek Lassetter
- Mr Eric Melrose
- Mr Grant Macdonald
- Mr Dick Melly
- Mr Tom Murray
- Ms Helen O'Neill
- Mr John Pearce
- Mr David Sanders

IN ATTENDANCE:

- Mr Peter Edwards (NMRO)
- Ms Fiona Birchall (NMRO)
- Ms Stella Layton (Assay Master – Birmingham Assay Office)
- Mr Ashley Carson (Assay Master – Sheffield Assay Office)
- Dr Robert Organ (Deputy Warden – London Assay Office)
- Mr Scott Walter (Assay Master – Edinburgh Assay Office)

Ms Geraldine Swanton (Secretary)

1. APOLOGIES AND WELCOME

Apologies were received from Mr Adrian Levett, Mr John Stirling and Mr David Thurston. The Chairman welcomed Ms Carol Brady to the Council.

2. DECLARATIONS OF INTEREST

There were no formal declarations of interest, though it was recognised that there existed a potential conflict of interest in respect of assay-office appointed members in relation to agenda items 8.3 (application by SAO to open a sub-office).

3. MINUTES OF THE COUNCIL MEETING ON 7 APRIL 2014

Subject to minor amendments, the minutes of the meeting were accepted as a true and accurate record and signed by the Chairman.

4. MATTERS ARISING

4.1 **Triennial review** (par 4.2 of previous minutes)

The Chairman reported that the framework document and the risk register, whose drafting was a recommendation of the review, were works in progress. The requirement to report to BIS on the Council's activities would be fulfilled by means of the Corporate Statement.

Peter Edwards indicated that the three-year review cycle would run from the date of completion of the latest review i.e. from January 2015.

Action: The Chairman and the Secretary will draft the framework document and risk register.

4.2 **Tax assurance** (par 5.3 of previous minutes)

The Chairman reported that in response to the Treasury's requirement, his honorarium was being paid by means of the NMRO's payroll mechanism. It attracted payments of National Insurance and he had challenged the basis on which the NMRO's payroll service provider (part of BIS) had calculated the deductions made to date.

4.3 **Proposal from Apple** (par 15.1 of previous minutes)

The Chairman referred the Council to the report from the NMRO on the meeting of the International Hallmarking Convention (IHC) in March 2015 which concluded that the digital application of hallmarks was contrary to the basic principles of hallmarking.

The view of the Council generally reflected the IHC's conclusion. The Council's particular concerns were the vulnerability to counterfeiting of the digitally applied hallmark and the potential for manufacturer marking, which is not permitted by the Hallmarking Act 1973.

Action: The Chairman will reply to Apple in the above terms.

4.4 **EEA hallmarks – assessment criteria** (par 15.3 of previous minutes)

The Chairman thanked Scott Walter and the NMRO for their efforts in producing the assessment criteria, which were already approved by the Council. Peter Edwards reported that the intention was to approach all the countries on the current list of recognised EEA hallmarks. CCM members will be asked simply to confirm whether they continue to comply with the criteria, while non-CCM members will be asked to provide additional documentation/verification.

5. CHAIRMAN'S REPORT

5.1 **Cabinet Office (CO) reclassification of arms'-length bodies**

The Chairman reported that he has responded to a questionnaire relating to the CO's review of the classification of arms'-length public bodies. He had been invited to a meeting at the CO to discuss his responses and would be involved in further discussions with the CO.

The Chairman emphasised that he was committed to reinforcing an understanding of the Council as unique and the attendant need for an exemption from the large volume of requests for responses to various government initiatives (currently totalling 70). To this end the Council may

be used as an example of the need for such initiatives to be proportionate to the size of the organisation. The Council was generally in agreement with this, subject to any cost implications.

5.2 Website

The Chairman stated that the requirement that the Council's website could only be part of the .gov.uk site was not satisfactory. He had found that a number of public bodies ran their own, separate websites in addition to being part of .gov.uk and would continue to look into the matter.

Action: The Chairman will compile a list of public bodies which operate websites in their own right

6. REPORT FROM THE TECHNICAL COMMITTEE

6.1 Report

Stella Layton provided a summary of the minutes of the Technical Committee meeting on 5 March 2015. She noted in particular the need to consolidate the technical guidance notes issued by the Council and to make the information provided in them more intelligible either by the use of flow charts or FAQs.

6.1.1 Proposed changes to the Hallmarking Act 1973

[Information not for disclosure under the publication scheme – exemption for prejudice to the conduct of public affairs.]

6.3 Guidance on misleading descriptions

The guidance drafted by Scott Walter was approved.

6.4 Dealers' Notice

Robert Organ confirmed that the Dealers' Notice had been up-dated in relation to the date letters.

6.5. International Association of Assay Offices (IAAO)

Scott Walter, as chairman of the IAAO, reported on the meeting which was held in March. Issues discussed at the meeting included an objection raised by the French regarding SAO's hallmarking in Italy and a claim by the Czechs that hallmarking conducted by the Dutch in Hamburg was based on touch/visual comparison. There was also a suggestion that the Dutch office in Hamburg had lost an accreditation. It was understood that the relevant Dutch office had sent an email explaining the situation. Scott Walter is awaiting the further information, including a written report from the Czech member before taking any further steps in response in his capacity of chairman. Robert Organ stated that if the allegation regarding visual/touch inspections at the Dutch office in Hamburg was correct, then it called into doubt the equivalence of the relevant hallmarks. Peter Edwards suggested that this matter could be addressed as part of the process of assessing current EEA hallmarks (see paragraph 4.4 above).

7. INTERNATIONAL HALLMARKING CONVENTION (IHC) MEETING

Fiona Birchall summarised the report provided by the NMRO following the meeting of the IHC member countries in March. In particular she noted that Serbia and Croatia have been invited to join the IHC. Legal advice is being sought by the Secretariat regarding the blocking of Italy's accession to the IHC. Cyprus is resolving the problem which lead to the suspension of its CCM silver marking. Norway's testing will be conducted by the Swedish assay office until ISO accreditation is obtained. Apple's proposal for digital hallmarking was considered to be contrary to the basic principles of hallmarking. A questionnaire is to be completed by assay offices every five years to mitigate the risk of influence being exerted by those in the precious metal trade.

THE APPLICATIONS COMMITTEE

7.1 Report from the Applications Committee (AC)

Derek Lassiter summarised the report provided by Adrian Levett relating to the Applications Committee's activities. He commended as exemplary the information provided by [xxxxx **personal data**] in relation to EAO's sub-office at Heathrow. All sub-offices have now been transferred to the new risk-based system. The AC is satisfied that its existing approval and permission regimes comply with the statutory requirements for regulators and related codes.

7.1.1 **SAO sub-office application**

The Applications Committee had considered in detail the application from SAO to open a sub-office in New York. The recommendation from the Applications Committee was that the application should be approved.

Tom Murray raised a query concerning the relationship between SAO and its American sub-office, a third party in another jurisdiction. Simon Batiste explained that for tax and other legal reasons, a US company was required to be created and it was wholly owned by SAO. Kate Hartigan queried whether there were governance arrangements to ensure that the subsidiary was controlled by the parent. Chris Heaton indicated that he was happy to provide details of ownership and control. In response to Robert Organ's query concerning the protection afforded the Sheffield hallmark, the Council was informed that it would be registered as a patent. Ashley Carson stated that the quality manager for Milan would also be responsible for New York and would be based in Sheffield. Tom Murray further queried the basis on which the New York property was occupied by SAO's subsidiary and whether it amounted to a joint venture. Chris Heaton confirmed that it was a simple landlord-tenant arrangement in which the latter paid rent. There was no profit-sharing arrangement.

The Secretary informed the Council that she had considered in some detail the matters which were now a source of concern for Tom Murray. They were considered in relation to the first, but subsequently withdrawn, informal application for an overseas office in 2013 in which the host jurisdiction required the creation of a company subject to the laws of the host as a condition of conducting business. It was important to reconcile that arrangement with the Hallmarking Act which requires a hallmark to be struck "by the assay office". The Secretary concluded that it was possible to enable the overseas operation to proceed if the company were acting as an agent of the assay office, provided that assay office exerted sufficient control over the company and procured that conditions imposed by the Council were complied with. Under that arrangement, the assay office would retain primary responsibility for hallmarking, which it could not delegate.

Outcome: The Council accepted the AC's recommendation to approve SAO's application.

7.1.2 **Succession Planning**

The Chairman informed the Council that Bryn Aldridge has confirmed his willingness to undertake the role of chairman of the Applications Committee when the current chairman retires at the end of 2015. The Council duly approved his appointment.

The Chairman also informed the Council that two new members would need to be recruited for the Applications Committee from those new members who would be appointed to the Council in January 2016. It was necessary to appoint members from the new cohort, given the proximity to the precious-metal trade of current Secretary-of-State-appointed members and the potential risk of the perception of bias in making decisions regarding sub-offices.

Eric Melrose proposed appointing shadow members of the Applications Committee to obviate the problem currently being posed by the simultaneous retirement of all current members of the Applications Committee.

Outcome: Bryn Aldridge will become chairman of the Applications Committee from 1 January 2016 and the Council will consider appointing shadow members.

7.1.3 **Sub-office reports**

The sub-office reports were noted by the Council.

8. **ON-LINE SALES OF UNHALLMARKED JEWELLERY**

The Council's consensus was that the sale of unhallmarked jewellery on the internet posed a significant problem. Scott Walter advocated the promotion of the Assay Assured Trust Mark for websites, which EAO has developed. It was agreed that the Council should consider issuing guidance on the hallmarking requirements in the context of sales in that medium, though the legal position regarding the applicable laws in the context of a seller based in an overseas jurisdiction was not clear. The Secretary will try to locate advice provided by the previous Secretary and re-circulate it.

Action: The Council will provide guidance on complying with the Hallmarking Act in relation to jewellery sales over the internet.

9. DRAFT ANNUAL REPORT AND ACCOUNTS 2014

The draft annual report and accounts 2014 were approved.

10. DRAFT ESTIMATE OF COSTS FOR 2015

The draft estimate was approved.

11. CORPORATE STATEMENT 2015

The Corporate Statement was ratified by the Council. The Chairman informed the Council that Richard Sanders and he had signed off the document in advance of the meeting to ensure that it was not delayed by the purdah period which the Government had now entered in preparation for the General Election.

12. COUNCIL QUORUM

It was agreed that the quorum for Council meetings would be reduced to seven from eight. Kate Hartigan suggested that given the ease with which mobile and other technology is now being used, the Council should consider using Skype/video conferencing to facilitate some decision-making.

Outcome: The Council quorum is reduced to seven.

13. TOUCHSTONE AWARD

The applications will be considered and a winner chosen on 15 May

14. TSI COLLEGE OF FELLOWS

Robert Grice referred to his report on the TSI's Academic Research Bursary, contained in the bundle of documents. He thanked LAO for its support and its contribution to the initiative. He exhorted the assay offices to make a contribution to the bursary by buying the book on the history of hallmarking (The Leopard, the Lion, the Crown, and Rose) which he has written.

15. ACTIVITY AND ENFORCEMENT REPORTS FROM THE ASSAY OFFICES

All the assay offices reported "fragile" market conditions.

16. CORRESPONDENCE WITH NAG

The Council noted the correspondence between the Secretary and the NAG.

17. ROYAL MINT INSPECTIONS

The Council noted the positive outcomes of the inspections by the Royal Mint of the assay offices' hallmarking practices.

18. VIABILITY REPORTS

The Council noted the viability reports provided by each assay office.

19. ANY OTHER BUSINESS

The Chairman reported that the Small Business Enterprise and Employment Bill had been granted Royal Assent. The Act makes provision for Small Business Appeals Champions which had been discussed at previous meetings and about which information had also been circulated by e-mail.