

Record of GCA Group meeting with Code Compliance Officers 11th May, 11am-12midday	
Location	Purpose of meeting
GCA, Victoria House, Southampton Row, London	Collective discussion with Code Compliance Officers
Attendees	
<p style="text-align: center;">GCA</p> <p>Christine Tacon (CT), Groceries Code Adjudicator</p> <p>Helen Gordon-Lee (HGL), Chief Legal Advisor</p> <p>James Courtenay (JC), Investigations Manager</p> <p>Jenny Hendricks (JH), Office Manager</p> <p>Lizzy Millar (LM), PA to the GCA</p> <p style="text-align: center;">CMA</p> <p>Bob MacDowall (BM), and Natalie Lam (NL), CMA Market Remedies Team</p>	<p style="text-align: center;">CCOs and colleagues</p> <ul style="list-style-type: none"> • Aldi Stores Limited – Jonathan Ward (JW) • Asda Stores Limited – Alex Simpson (AS) • Asda Stores Limited – Sarah Dickson (SD) • Co-operative Group Limited – Phil Willsmer (PW) • Co-operative Group Limited – John Leyden (JL) • Lidl UK GmbH – Tim Belser (TB) • Marks & Spencer plc – Max Gillibrand (MG) • Marks & Spencer plc – Robert Steadman (RS) • Wm Morrison Supermarkets plc – Steven Butts (SB) • J Sainsbury plc – Susannah Parden (SP) • J Sainsbury plc – Dafydd Pugh (DP) • Tesco plc – David Ward (DW) • Tesco plc – Emer Kelly • Waitrose Limited – David Roberts (DR) • Waitrose Limited – Damen Bennion (DB) • Iceland - Duncan Vaughan (DV) <p style="text-align: center;">Observers</p> <ul style="list-style-type: none"> • Matthew Lohn and Louise Sivey – Fieldfisher

1: Introductions

Roundtable introductions were made. New Code Compliance Officers, Tim Belser of Lidl and Duncan Vaughan for Iceland were welcomed. Lizzy Millar was also welcomed as a new addition to the GCA team. The GCA is recruiting an external policy lead but will buy in additional legal support on an as-needed basis. CT said she was hoping to extend the two-year secondments of her senior staff from June 2015.

2: GCA overview and forward look

Top 5

Delays in payment: Drop and drive had been removed from the top five, however delays in payments remained on the list. In some cases brought to the GCA's

attention, the entire payment had been held up because of a single query on an itemised invoice. CT said this did not comply with the spirit of the Code.

Lump sum requests: The GCA continues to hear of examples of lump sum requests being made and remains concerned about margin maintenance agreements as this could leave the door open for negotiations on retrospective lump sums. On the other hand, CT was pleased to hear about back-to-front margin initiatives that mean that the supplier is aware of the situation in advance and can manage risk.

Packaging: The GCA urged retailers to ensure suppliers have a choice so they do not feel they are being overcharged. CT commended retailers for making efforts in this area.

Consumer complaints and forecasting: CT thanked retailers for what she described as predominantly ‘incredibly useful and comprehensive’ answers to the GCA’s questions on consumer complaints and forecasting practice. She said the answers would help shape future GCA activity in these areas. Where a limited response had been received from any particular retailer, that retailer’s opportunity to shape the GCA’s thinking was likewise limited. The GCA would be asking follow-up questions in both areas. HGL confirmed the GCA’s intention to issue a statement on consumer complaints at the annual conference. Forecasting would take longer, being more complex, and GCA action would probably take the form of guidance to the sector as to the principles to follow in good forecasting practice.

The proposed conference announcement will be shared in draft in advance with CCOs.

3: GCA meetings with retailer Audit Committee Chairs (or equivalent)

Seven retailers attended the group meeting held on 2nd March after which the audit chairs of the remaining three met CT individually. CT remarked on the different dynamics between the group and individual meetings, and offered to hold one-to-one sessions with audit chairs in future, for any that would prefer to meet that way.

4: CMA review of Supply Agreements

Progress to date: Natalie Lam gave a short presentation on the recent work done by the CMA to review how retailers currently comply with the Order in relation to Supply Agreements, and how practice might be improved or the requirements of the Order clarified:

- Article 5 of the Order – Duty to incorporate Code in Supply Agreements
- Article 6 of the Order – Duty to provide information to Suppliers

<https://www.gov.uk/government/publications/groceries-supply-chain-practices-market-investigation-order>

NL said the CMA was working towards preparing a checklist of key elements to be contained in Supply Agreements. The deadline for submissions by retailers in response to follow-up questions from the CMA was 9th May 2015.

5: Sector survey update

JC said responses to this year's annual survey had increased from 574 to 1,100 of which 770 had come from direct suppliers (as opposed to 381 last year). Results will be announced at the annual conference. YouGov will also send a tailored set of results to each of the 10 retailers.

CT added that the analysis by YouGov would identify whether responses were from an individual within an organisation or represented a consolidated response, and they would be weighted accordingly. CT added she would be keen to hear about lessons learned from the Advantage survey.

6: GCA conference update

JC encouraged CCOs to bring colleagues as the conference hall has capacity for 664 delegates. Keynote speakers will include John Noble of the British Brands Group and David Sables who will be speaking on a 'savvy use of the Code' and we hope to have the new government minister with overarching responsibility for the GCA. CT will host private surgeries at the conference.

7: Any other business

CT noted that several of the political party manifestos had stated their intention to expand the remit of the GCA. The new Conservative administration had been neutral on the subject. Clearly it was not for CT to comment on the relative merits of the

proposals. The GCA is currently writing its annual report and invited retailers to give feedback, which need not name the retailer concerned. Views as to the effectiveness of the collaborative approach, key indicators of change in the sector and suggested approaches to communicating through the annual report issues raised with the GCA outside the Top 5 would be particularly welcome.