

BRITISH HALLMARKING COUNCIL

**Council meeting Thursday 3 October 2019
11.00am at The Royal Mint Llantrisant Pontyclun CF72 8YT**

Minutes of meeting**1 Opening business**

Present:

Noel Hunter (Chair)

Carol Brady

Malcolm Craig

Ken Daly

Helen Forder

Patrick Fuller

Peter Hayes

Andrew Hinds

Harriet Kelsall

Isobel Pollock-Hulf

Vanessa Sharp

Matthew Sibley

Gary Wroe

In attendance:

Doug Henry, Birmingham Assay Office

Scott Walter, Edinburgh Assay Office

Will Evans, London Assay Office

Ashley Carson, London Assay Office

Richard Sanders, BEIS

Rachel Bealey, BEIS

Katrina Ritters, Secretariat

Charles Turner, Chairman Elect, Sheffield Assay Office

Apologies for absence:

Neil Carson

Louise Durose

Tom Murray

David Reddaway

David Sanders

John Stirling

Robert Organ

Sue Green, Secretary

Noel Hunter welcomed everyone to the meeting, following the tour round the Royal Mint. He welcomed Charles Turner, Chairman Elect of Sheffield Assay Office who will be taking over from Peter Hayes, whose last meeting it was. He also noted that it would be the last Council

meeting for Helen Forder and Andrew Hinds (and David Sanders who was not able to be at the meeting) and thanked them for their hard work and contributions to the work of the Council.

Meeting administration points:

The meeting was being recorded.

Council members were reminded that they have been appointed as members of the BHC and are bound by the rules of public office to act impartially and not to represent the interests of any other organisation on which they serve. If it becomes clear that this is not happening then it may be necessary to exclude that member from participating in the meeting and/or voting.

Minutes of Council meeting 4 April 2019:

The minutes of the previous Council meeting had been circulated. They were confirmed as a true record of the meeting.

Action points and matters arising:

The action points were either in progress or completed and there were no matters arising that were not included in the main agenda for today's meeting.

Declarations of interests:

Noel Hunter declared that he is now chairing the Board of the Chartered Trading Standards Institute.

2 Election of Chair

Noel Hunter left the meeting for this item.

Katrina Ritters explained that this item related to the email of 12 August sent to Council members regarding the term of office of the current Chair, Noel Hunter, which comes to an end in April 2020. Noel having confirmed that he would be happy to serve a further three year term as Chair, and no one else having put their name forward for consideration, the resolution to be considered was the reappointment of Noel Hunter as Chair of the BHC for a further 3 year term.

A question was raised regarding the process for review of the remuneration of the Chair, and this question was deferred to item 10 when the Council's budget would be discussed.

It was noted by Richard Sanders of BEIS that this is a Council appointment, and not one in which BEIS get involved.

It was noted that 3 proxy votes in favour of the appointment had been received.

RESOLUTION: The meeting voted on a show of hands, and the resolution to re-appoint Noel Hunter as Chair was carried unanimously.

Noel Hunter returned to the meeting.

3 Chair's report

The Chair's report had been circulated with the meeting papers. In addition to the detail of the report, the Chair also noted that:

There had been a great deal of discussion last year regarding the Cabinet Office restriction of public appointments to two terms, and the issues caused for the BHC by this policy. This discussion had eventually led to a one year extension for Helen Forder, Andrew Hinds and David Sanders. Their extended term comes to an end at the end of 2019 and thus three members are to be appointed in their place. One, Gay Penfold, was appointed as part of last year's recruitment process, ready to join in 2020. Shortlisting has now been carried out for two further candidates, with interviews set for 10 October. It was noted that there was a possibility of delay to the process due to volume of government business at this time.

Enforcement strategy: the Chair mentioned the report currently being written which builds on the work done on mapping the Industry, the internet sweep, the work done by Warwickshire Trading Standards and the current work in Scotland in circumstances where local authority resources for enforcement were greatly depleted and looking at how this impacts on enforcement of the Hallmarking Act and the role of the BHC. It was hoped to be able to update the Council further on this at the next meeting.

Touchstone: the Chair noted that there would be a meeting to deal with the handover of management of the Touchstone Award alongside the presentation at Goldsmiths' Hall planned for November. Robert Grice's work for the Touchstone Award would be marked with a presentation at that event.

Governance: appraisal forms would be circulated following the meeting for Secretary of State appointed members of the Council. The Chair also noted the government's drive for diversity across public bodies, including non-departmental public bodies and the organisations represented within those bodies. The Chair's report incorporated a link to the government's action plan for diversity in public bodies, which all should note as good practice.

Public relations: increasing the profile of hallmarking to consumers is a priority over the coming period, alongside other priorities for the Chair which are the integrity of hallmarking which is the focus of the Applications Committee; protection of consumers and legitimate industry especially given the growth of the internet, global trade and Brexit; enhancing the image of the BHC within the industry, including more information about its role and more communications including press releases. There is currently a draft press release under discussion which focuses on some of the research done earlier in 2019 and will be circulated to the Council once finalised.

Scott Walter commented that he has been appointed as Chair of the International Hallmarking Convention (rather than the IAAO, which he had chaired previously).

4 Council members

This item was dealt with under item 3 above.

5 Brexit, and BEIS update

(This item also incorporated a general update from BEIS.)

Richard Sanders update from BEIS:

The Chair mentioned current discussions with BEIS to try to arrange a further workshop to update on Brexit, and an upcoming meeting to work on plans for this.

The outcome of Brexit is currently unknown. A new Secretary of State, Andrea Leadsom, had been appointed. A Statutory Instrument is already in place ready for Brexit day providing for derecognition of EU hallmarks in the event of no deal but work will be needed on updating of all website pages on gov.uk, removing all reference to the EU and removing information about mutual recognition of hallmarks.

A new helpline has been launched by HMRC to deal with import/export issues from October 31st. BEIS has been running a Brexit readiness tour around the UK. Work is being done on international trade deals, particularly with the US, which operates to very different systems from those of the EU. The package of trade deals is designed to deliver a long term increase in GDP. In parallel to this, there will be negotiations to enter into a trade deal with the EU.

Kelly Tollhurst remains the junior minister and would be signing off the new Secretary of State appointments.

On behalf of BEIS, Richard Sanders congratulated Scott Walter on his appointment as Chair of the International Hallmarking Convention.

On enforcement, Richard Sanders commented that OPSS is looking closely at imported goods which do not comply with the law across various sectors, and particularly at eBay and Amazon; and at consumer mentality in relation to goods they buy.

Brexit:

Scott Walter's paper on possible Brexit scenarios had been circulated, covering no deal, a managed deal exit, and a delayed exit. The Common Control Mark (CCM) is recommended but it should be noted that France and Spain are not signatories. Germany do not have a hallmarking system. Once the detail of Brexit is known, a more detailed follow up can be produced. It was noted that the existence of the Convention is extremely useful in this situation as it gives clarity and consistent standards operating between signatory countries.

With the merger of the IAAO with the Convention, a new category of membership has been established which enables IAAO members who are not signatory countries to attend Convention meetings, which is important for international relationships in future.

Items already on the market on Brexit day are regarded as being in free circulation and do not need a further mark, but the Convention mark could be added retrospectively.

It was agreed to issue the paper, with clarifications.

EAO have previously issued this advice and used it in blogs and it can be issued by the BHC and included on websites of the BHC and the Assay Offices.

Action: Scott Walter to update the report. Then the report to be issued by the BHC, Assay Offices and NAJ and included on their websites. Harriet Kelsall to forward to contacts on the Responsible Jewellery Council.

6 Overseas hallmarking

The new Dealer's Notice had been finalised and circulated and the press release sent out in line with the agreed communications plan.

7 Promotion of hallmarking to consumers

The background to this was the importance of consumers understanding the value of hallmarking, and discussions Noel Hunter had had with the industry when appointed as Chair. There was considerable support in the industry for an initiative to promote hallmarking to consumers. Patrick Fuller had agreed to chair a short-life working group to consider the possibilities, working with Andrew Hinds and Louise Durose.

Patrick Fuller gave a presentation to the meeting. It was important to respond to changes in the market, particularly in the light of international trade, internet trading, and the dramatic reduction of local authority enforcement of hallmarking, and the fact that nowadays there is very little publicity about hallmarking convictions. The UK is a major international retail market. The working group has been looking at ways to add value to the hallmark, while being aware of the opportunities to add income from hallmarking. Other industries use initiatives that are akin to hallmarking as a quality mark for their products. It is important as well to bring protection of consumers back up to standard: hallmarking has fallen behind other industries in this. The challenge is to get the hallmark to a wider consumer audience.

The Dealer's Notice doesn't get the prominence it should, and that retailers are required to give it, and the same applies to how retailers talk about hallmarking.

The working group looked at 18ct plus gold, platinum, and major silver pieces, in considering the items for a buyer's certificate. A proposed format was put forward for a card which the Assay Office would provide with the item. Alongside this the retailer could add further information regarding stones etc and the price. This is similar to the system that operates in Switzerland, and also can provide information for insurance purposes.

The card would give the consumer increased confidence in the purchase. The system would be backed up by a BHC website, providing information in different languages to reflect international customers buying in the UK. The small cost would be covered in the hallmarking fee and adds value to the consumer, bringing benefits to the industry. The premium retailers in the UK see the value of the hallmark.

There is work to be done in bringing the information together and adapting databases to fit the scheme. The BHC would have a role in holding key information, and signposting any serious issues to the Assay Office who marked the piece.

Andrew Hinds confirmed that consumers like authentication documents, as is demonstrated by the existing system for certification of diamonds. This proposed system would also be adaptable to lower value items, with customers being provided with a reference number that they could look up online.

There was discussion of the benefits of the proposal and similar initiatives; the possibilities of using a QR code to be produced at the point of hallmarking the item; whether it should be the BHC or another body such as the Joint Assay Offices who could co-ordinate it; the likely interest for lower carat items eg if they are bespoke; current developing technologies for a process that enables an item to be scanned and links it to a central record; likely potential costs; point of sale materials as an alternative and the prominence (or otherwise) of the Dealer's Notice in retail outlets.

Action: Further work to be done to flesh out the idea, consulting relevant people in the industry and in the insurance industry, and bring a business case back to the Council.

8 Enforcement strategy

This item was dealt with under item 3, Chair's Report.

9 Queen's Assay Master reports

The Chair summarised the report from the Secretariat circulated prior to the meeting. In the past the Queen's Assay Master (QAM) reports were not circulated to the Council. This practice had been questioned. Investigation of historic Council minutes had not found any specific decision on this practice. It was therefore proposed to circulate the QAM reports to the Council, redacting any issues of commercial confidentiality.

A question was raised regarding the distinction between items in the QAM reports that relate to Schedule 5 of the Hallmarking Act, and those that do not. The Chair would be meeting the QAM after the meeting and would discuss this issue with him.

The issue of whether past reports could be split out in the same way was mentioned and decided to be impracticable.

The Applications Committee needed to see the full QAM reports as part of their role in assessing sub-offices.

It was agreed that the QAM would be asked to prepare future reports in such a way as to split the findings between Schedule 5 and other issues. The Schedule 5 reports would be shared with the Council. The full reports would be shared with the Applications Committee.

Action: Chair discussion with Queen's Assay Master regarding managing the split between Schedule 5 issues and those that do not come under Schedule 5.

Update: At the meeting on 3 October the QAM confirmed that he would provide his inspection reports in two parts.

10 Business plan and finance

An annotated version of the 2019 business plan had been circulated, showing progress during 2019 to date. Major issues in the business plan had been Brexit, technical consistency, the new Dealer's Notice, Touchstone, website update, PR material, governance manual and work to bring together past records and minutes. All had been progressed and were largely on track.

A draft business plan for 2020 had been circulated prior to the meeting. This reflects some of the priorities in the Chair's report. A point was raised regarding providing guidance to retailers / manufacturers / consumers on what to do when they see someone breaking hallmarking law and whether the BHC could have a special contact to pick issues up with Trading Standards when there are breaches of the law; currently the route is via the national consumer helpline. This point would be picked up. Subject to this item, the draft plan was agreed.

Action: further item to be added to the draft 2020 business plan dealing with the issue of what people should do when they see someone breaking hallmarking law.

A finance report and figures had been circulated prior to the meeting. A point was raised regarding the remuneration of the Chair and how this is reviewed and set. The question of whether a remuneration committee should be established was discussed. This would cover the Chair, Secretariat and also could consider legal fees. It was agreed that Patrick Fuller would chair the remuneration committee.

Action: Remuneration committee to be established.

The audit planning report from the National Audit Office had been circulated prior to the meeting. The question of the NAO's costs was discussed. This had always been stated as being non-negotiable, and below the normal minimum amount they charge. However, the increased amount was now 4% of the BHC's annual budget. Strong views were expressed regarding the proportionality of it.

Action: National Audit Office fee: Council to write to the NAO formally questioning the amount of the audit fee and its proportionality to the BHC and its annual budget and the NAO reply to be circulated once received.

The budget was agreed.

11 Governance

A significant amount of work had been done to bring the governance materials into shape, including historic minutes, previous decisions, Applications Committee historic papers, and a manual for Council members was available in Dropbox.

The Council's risk assessment, in an updated version, had been circulated and comments requested regarding the content and any other items to be added.

A draft Regulators' Code Audit had been prepared and circulated. The Chair explained that the Regulators' Code applies to all regulators and an audit is required. The meeting approved the audit document.

12 Applications Committee

The report of the Applications Committee had been circulated prior to the meeting. Isobel Pollock-Hulf reported that the Applications Committee had held two meetings: the first to discuss information gathering and processes as records were not complete; the second to review the information which had been received from the Assay Offices. The Applications Committee is now working to establish a process that works to implement the new processes attached to the Standing Orders to review existing sub-offices and give approval to new sub-offices. The Chair commented on the importance of ensuring that the processes stand up to external scrutiny, that there is co-ordination with the work of the QAM, and that the process is intended to be light touch and not impose disproportionate burdens on the Assay Offices.

13 Education & Enforcement Committee

The report of the Education & Enforcement Committee had been circulated prior to the meeting.

Ken Daly also mentioned further progress on the Scottish enforcement project, with support from Edinburgh Assay Office on training and testing: 20 local authorities out of 31 had taken part, 286 visits made of which 234 premises were selling precious metal. A significant number of breaches of the requirements in relation to the Dealer's Notice had been found. Articles of jewellery in 23 of the premises were being sold in breach of the Hallmarking Act. A report would be available shortly.

Work was in hand with Citizens Advice regarding access to information from the Consumer Helpline database and it was hoped to be able to receive reports on complaints relating to hallmarking.

Website: the updated BHC website on gov.uk was noted and Carol Brady and Harriet Kelsall were thanked for their input to the work that had been done. The gov.uk constraints on website content and format were noted.

14 Joint Assay Offices Committee

The draft minutes of the JAOC meeting on 2 September had been circulated prior to the meeting.

Item 7 of the minutes related to the question of the date letter mark and a request that had been received to apply this mark as standard. It was agreed to refer this item to the Technical Committee to discuss the issue, inviting Harriet Kelsall to the meeting, and give a more detailed reply on the issue.

Action: Technical Committee to hold a meeting to discuss the issue of the date letter mark, inviting Harriet Kelsall to attend on behalf of the NAJ.

15 Technical Committee

The minutes of the Technical Committee meeting had been circulated prior to the meeting. Scott Walter on behalf of the Technical Committee commented that they were currently looking at component marks, and potential issues relating to items consisting of components: the Technical Committee will propose a BHC guidance note on the subject reminding manufacturers of their obligation to submit all parts of an item for hallmarking and not to transpose articles once they have been hallmarked.

Action: Technical Committee to draft guidance on component marking for the BHC to issue.

16 Assay Office activity and enforcement reports

The Assay Office reports had been circulated prior to the meeting.

17 Convention and IAAO report

The report had been circulated prior to the meeting.

18 AOB

The Chair thanked Andrew Hinds, David Sanders and Helen Forder for their contributions to the BHC during their terms of service and it was agreed that Andrew Hinds would continue to assist the working group on promoting hallmarking to consumers.

19 Date and venue for next meeting

Thursday 2 April 2020, Birmingham

Thursday 8 October 2020, Edinburgh

Actions from the meeting:

Agenda item	Action	Who
5	Update Brexit scenarios paper and circulate To be issued by: - BHC on its website and by press release - Assay Offices on their websites and to customers - NAJ	Scott Walter Secretariat Assay Offices
7	Promotion of hallmarking to consumers: Action: Further work to be done to flesh out the idea, consulting relevant people in the industry and in the insurance industry, and bring a business case back to the Council.	Patrick Fuller and working group
9	Chair discussion with Queen's Assay Master regarding managing the split between Schedule 5 issues and those that do not come under Schedule 5. Update: At the meeting on 3 October the QAM confirmed that he would provide his inspection reports in two parts.	Chair
10	Further item to be added to the draft 2020 business plan dealing with the issue of what people should do when they see someone breaking hallmarking law. Remuneration committee to be set up, chaired by Patrick Fuller National Audit Office fee: Council to write to the NAO formally questioning the amount of the audit fee and its proportionality to the BHC and its annual budget	Secretary Patrick Fuller Secretary Chair and Secretary
14	Date letter mark: Technical Committee to hold a meeting to discuss the issue of the date letter mark, inviting Harriet Kelsall to attend on behalf of the NAJ.	Technical Committee
15	Technical Committee to draft guidance on component marking for the BHC to issue	Technical Committee