



BRITISH HALLMARKING COUNCIL

Annual Report and Accounts
for the year ended 31 December 2019

Annual Report and Accounts for the year ended 31 December 2019

Presented to Parliament pursuant to Paragraph 19 of Schedule 4 of the
Hallmarking Act 1973 as amended by the Government Resources and
Accounts Act 2000 (Audit of Public Bodies) Order 2003

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BRITISH HALLMARKING COUNCIL

("The Council")

REPORT 2019

1. INTRODUCTION

The Annual Report and Accounts for 2019 are drafted in accordance with the Government Financial Reporting Manual.

2. PERFORMANCE REPORT

a. Overview

Statement of the Chair for the year 2019

The British Hallmarking Council and the Assay Offices perform a vital role in ensuring the integrity of precious metal articles, giving the buyer and any subsequent owner a warranty that the item is what it purports to be. The BHC's role in regulating hallmarking in turn gives the assurance that the consumer and the industry requires to ensure a level playing field in an increasingly competitive market. Ensuring the industry is protected in the developing global market has been the focus of recent activity by the Council. The UK jewellery industry is a significant player within the UK economy and employs 57,000 people in 6,700 businesses, generating annual revenues of £8.5bn. It is important that this significant and ancient industry can continue to develop in a fair market place.

2019 has seen the Council build on activities to regulate hallmarking and protect consumers. These are challenging times for the industry and for hallmarking, with a declining market for hallmarked goods set against the uncertainties of the UK's exit from the EU. Enforcement of hallmarking law faces challenges with reducing resources and increasing concerns about unscrupulous traders, particularly online, and particularly online traders based outside the UK.

The UK's exit from the EU brings further uncertainties, with the potential for significant numbers of businesses moving to hallmark their products outside the UK, and fears that Britain's hallmarks may cease to be mutually recognised in the EU. The BHC is recommending to Government that:

- the UK should work towards maintaining the mutual recognition of hallmarks between the EU and UK;
- work towards maintaining the frictionless movement of goods, minimising border delays and bureaucracy;
- co-ordinate an industry-wide awareness-raising campaign for hallmarking amongst UK consumers;
- work with the major online marketplaces to increase hallmarking information on precious metal jewellery listings and raise consumer awareness of what this means; and
- to work with stakeholders to develop a robust enforcement strategy to protect consumers and businesses from internet based unfair trading practices, and make recommendations for any necessary changes to legislation to support this strategy.

Enforcement of hallmarking law is vital. During the year, the BHC worked with an internet specialist to conduct a survey of precious metal items being sold online. This revealed a significant number of precious metal items being sold online without any indication of their hallmarking or correct descriptions with attendant consumer detriment and detriment to legitimate businesses. A major publicity exercise in collaboration with the Goldsmiths' Company followed these findings, with extensive coverage in the industry press and national press and television. This was followed up by contacts with major online marketplaces with a view to agreeing protocols for compliance with the Hallmarking Act. Work is in hand to develop a major project to protect and promote the UK jewellery industry, and a project group is working with representatives of retailers and insurers to develop ideas for enhancing information for consumers at the point of sale.

2019 saw the start of a new collaboration between the BHC and the National Association of Jewellers (NAJ), with the NAJ co-sponsoring the prestigious Touchstone Award. In June 2019 the Touchstone Award was presented to Shared Regulatory Services representing Trading Standards services from Cardiff, Bridgend and Vale of Glamorgan for a proactive programme of visits to jewellers, revealing premises selling un-hallmarked items and counterfeit goods, as well as a successful prosecution of an eBay seller selling mis-described, un-hallmarked jewellery and counterfeit jewellery. The field of entries was a strong one, and a Highly Commended award went to Nottinghamshire Trading Standards for an enforcement exercise which brought internet sellers to justice; and a Special Award went to

Birmingham Trading Standards for its intensive two year operation concerning fake gold bangles which was featured on television. This demonstrates the continued risk to consumers and the challenge to legitimate businesses.

Another highlight of enforcement work during 2019 was an extensive project by Trading Standards in Scotland across 20 local authorities supported by Edinburgh and Sheffield Assay Offices which surveyed 234 jewellery outlets, finding that almost half of the premises were not displaying the Dealer's Notice. A check of whether items were correctly hallmarked revealed a failure rate of 15.9%. A programme of follow up enforcement work is ongoing and also involves investigating online sellers.

An important feature of the project in Scotland was training for Trading Standards officers on hallmarking law. The BHC believes that education on hallmarking is vital to raise the awareness of hallmarking in three key audiences: consumers, businesses and Trading Standards. Birmingham Assay Office has devised an online training module on hallmarking, and this has been promoted to Trading Standards departments across the UK. The BHC's website has been substantially redesigned and updated to promote hallmarking content to consumers, businesses and Trading Standards. In addition, the industry press has covered a number of issues put forward by the BHC during the year.

The BHC has strengthened its relationship with the Queen's Assay Master during the year, and has established communications between the Queen's Assay Master's team and the Applications Committee to ensure best practice in the monitoring of sub-offices, ensuring the integrity of hallmarking. We were delighted to be invited to hold the Council's October meeting at the Royal Mint, an occasion which proved interesting and informative with a special guided tour of the Mint. The Applications Committee, having conducted a fact-finding exercise, has formulated a programme for the five yearly re-validations of sub-offices set out in the new processes for monitoring sub-offices, starting in 2020. Alongside this the Technical Committee continues its work on technical consistency. It has developed a shared protocol for XRF testing and is reviewing its shared database of technical decisions.

The issue of whether a distinguishing mark should be applied to items hallmarked by UK Assay Offices in their overseas sub-offices has been an issue for the Council. The BHC policy on the use of existing marks with no differentiation was established in 2014 following the publication of the Legislative Reform (Hallmarking) Order in 2013. This policy came under review following the decision of Case C-525/14 in the European Court of Justice handed down in 2016. During 2017 a consultation process was undertaken to receive the views of stakeholders on the issue. Taking account of all views, the Council collectively determined to change the previous policy and it decided that hallmarks struck outside the UK by UK Assay Offices should be distinguishable from those struck in the UK. The form of the offshore mark was agreed in 2018 and a 12 month transition period for implementation was agreed. A new Dealer's Notice was produced, with a requirement that its use be compulsory from 1 May 2020, and a programme of communications with the industry was undertaken.

The increased focus on governance and efficient administration via the Secretariat continues to support the BHC's activities. The Secretariat provides administrative support to the committees, tracking follow up actions and the business plan and budget for the year are actively monitored. The shared facility for the Governance Overview Document and supporting documentation provides an online manual for Council members and provides the structure for induction of new members.

The framework for all of these activities is an active, engaged and well organised Council. Four new Secretary of State-appointed members joined on 1 January 2019 and three new Secretary of State-appointed members have joined us from 1 January 2020. Birmingham and Sheffield Assay Offices also made changes to their representatives during the year.

Our good relationship with our sponsor body in government continues, particularly with the Department for Business, Energy & Industrial Strategy (BEIS) representative Richard Sanders of the Office for Product Safety and Standards.

Finally I would like to thank all who have served on the Council over the past year for their support and contributions. The end of 2019 saw the retirements of David Sanders, Andrew Hinds and Helen Forder who had all served for two terms plus an extension of one year to assist with staggering the impact of new rules restricting the number of terms of office. David Sanders provided untiring support to our Applications Committee and Education & Enforcement Committee. Andrew Hinds continues to work with us on our project to develop information to consumers at the point of sale. We thank them both for their important contribution as they stand down from the Council. I would also like to thank former Council member Robert Grice for his invaluable continued input on the Touchstone Award and we were delighted to see his contribution to the Council rewarded with an MBE in the New Year's Honours List.

I would also like to thank Geraldine Swanton of Shakespeare Martineau for her professional advice on legal aspects of hallmarking and Sue Green for her efficient work in providing Secretariat services during the year.

Noel Hunter OBE
Chair

Functions of the British Hallmarking Council (“the Council”)

The Council is an Executive Non-Departmental Public Body established and governed by the Hallmarking Act 1973 (HMA). The Council’s sponsoring body for 2019 was the Office for Product and Safety Standards (OPSS) which is part of the Department for Business, Energy and Industrial Strategy (BEIS).

The Council is funded entirely by the UK’s four Assay Offices according to a formula prescribed by the HMA. The Council has neither staff nor premises and normally meets twice a year in Assay Offices’ premises by rotation. The statutory functions of the Council are set out in the Hallmarking Act s13 and are as follows:

- to ensure that adequate facilities for assaying and hallmarking of precious metal are available as from time to time required in the UK and supervising the activities of Assay Offices accordingly;
- to take all steps appearing to be open to the Council for ensuring the enforcement of the law with respect to hallmarking;
- to advise the Secretary of State with respect to all matters concerning the application of the HMA including any matter which may be referred to the Council by the Secretary of State;
- to advise the Secretary of State on: making of orders and regulations under the Hallmarking Act; amending the law as it affects hallmarking, whether directly or indirectly, including advice as to the application of some or all of the provisions of the Hallmarking Act to any metal other than gold, silver, platinum and palladium;
- to fix the maximum charges for assaying and hallmarking of articles of precious metal manufactured in or intended for sale in the UK;
- to advise the Secretary of State on any need for the establishment of a further Assay Office or for the closure of, or amalgamation with, another Assay Office;
- to assist those enforcing the Hallmarking Act by the provision of such technical and other services of the Council as may be available, to appoint such officers as the Council considers appropriate to act as inspectors and otherwise for detecting offences and enforcing the HMA by or on behalf of the Council, and, otherwise than in Scotland, to institute proceedings accordingly
- to authorise any assay office to carry on its business in whole or in part (subject to any conditions which may be specified by the Council) in such place, whether in the UK or elsewhere, as may be specified by the Council additional to the place at which the Assay Office is otherwise authorised;
- to make temporary or permanent arrangements between assay offices whereby facilities specified in any case by the Council need not be afforded at an assay office but are afforded at another or others;
- to issue directions or regulations to Assay Offices (all or any individual Assay Office) as to the equipment and procedures to be provided and adopted in the assaying and hallmarking precious metals and in relation to other matters on which directions/regulations may be issued by the Council under the Hallmarking Act;
- to do anything with the Council’s statutory powers which is calculated to facilitate the discharge of any or all of its functions.

Key risks

The Council’s key risks are set out in a risk register following a risk assessment carried out in October 2018 and reviewed at the Council meeting in October 2019. Those risks include dissolution of the Council, ensuring the adequacy of hallmarking facilities and loss of an officer of the Council. This year, risks have been identified as having a high impact and a high likelihood of occurring. These were:

- Loss of Secretary of State appointed members (and, to a lesser extent, failure to recruit Secretary of State appointed members). The 2018 Cabinet Office changes stipulating that members can serve a maximum of two terms caused difficulties for the BHC where the maximum had previously been three terms. Three members coming to the end of their second term in 2018 had their term extended for one year, which staggered the impact of the change. Recruitment of four new members to start on 1 January 2019 was successful, and a recruitment exercise in the autumn of 2019 means that three further new members are in place for 1 January 2020 onwards. However, there remains an effect on the BHC, with the loss of valuable members whose experience provided continuity in committee work. This has been mitigated by increasing the involvement of the Secretariat in administration of the Applications Committee and the Education & Enforcement Committee.
- EU Exit and the associated uncertainties and risks during the transition period. This remains high impact with a high likelihood of occurring for as long as uncertainty continues. The issue remains a central concern for the BHC, the Assay Offices and the industry. The BHC’s survey of the jewellery industry in 2019 indicated serious

concerns over the potential impact of the exit from the EU on respondents' businesses. Concerns related to the potential general economic impact and also to the specifics of the ultimate deal. Most respondents were not aware of the potential loss of mutual recognition of hallmarks: the continued recognition of British hallmarks across Europe was seen as very important and a third of respondents indicated that they would consider hallmarking goods elsewhere if British hallmarks were no longer recognised Europe-wide. The BHC considered these findings at its meeting in April 2019 and these have been fed into our sponsor body OPSS. The BHC has participated in update webinars run by BEIS and continues to monitor information as it becomes available.

There continues to be a risk relating to the burden of responding to Government Department initiatives and requests for information including the Business Impact Target return annually. Given its constitution (i.e. a body comprising members), responding to those requirements can be a burden on the Council's limited resources. This risk is also identified in the risk register.

An item identified as a risk in the BHC's Annual Report and Accounts in previous years has been the issue of whether a distinguishing mark should be applied to items hallmarked by UK Assay Offices in their overseas sub-offices. During 2019, the new distinguishing mark for items hallmarked overseas was introduced following the 12 month transition period given for implementation.

Performance Summary

At its meeting in October 2018 the Council approved in principle a draft Business Plan and Budget for 2019, for confirmation at its meeting in April 2019. This confirmation was duly given at the April 2019 Council meeting. Progress was reviewed at its meeting in October 2019.

- EU Exit: The conclusions from the Council's industry survey were fed into our sponsor body OPSS. The BHC participated in webinars run by BEIS and continues to monitor information as it becomes available.
- Operational integrity: the Applications Committee is working with the Queen's Assay Master to co-ordinate processes. Work has started on the programme of five-yearly re-validations of sub-offices and a consolidation exercise has been carried out to bring together historical records of the Applications Committee and a register of the history of the sub-offices.
- Technical consistency: a shared XRF methodology has been written and work is in hand to update the shared database of technical decisions maintained between the Assay Offices. A number of items for inclusion in updated Hallmarking Guidance Notes have been identified.
- Hallmarking outside the UK: the form of the new offshore mark having been agreed in 2018, with a 12 month transition period for implementation, a new Dealer's Notice was produced in 2019 with a requirement that its use be compulsory from 1 May 2020. A programme of communications with the industry was undertaken.
- Enforcement: the Touchstone Award in 2019 was particularly successful with a strong field of applications demonstrating significant enforcement activity. Scottish Trading Standards departments undertook a significant project revealing a number of premises not displaying the Dealer's Notice and un-hallmarked and counterfeit items on sale, with attendant follow up activity. The BHC commissioned a survey of precious metal items on sale online and follow up activity included a programme of publicity and the start of work with major online marketplaces with a view to improving compliance with hallmarking law.
- Education and raising the profile of hallmarking: the BHC's website hosted on gov.uk was redesigned and updated to focus on the Council's three key audiences: consumers, business and Trading Standards. The new online module on hallmarking developed by Birmingham Assay Office was promoted to Trading Standards departments across the UK.
- Council new members and appraisal process: four new Secretary of State-appointed members joined the Council from 1 January 2019, with three further new Secretary of State-appointed members recruited during the year to start on 1 January 2020. A new induction process was developed and delivered. An annual appraisal process for Council members was undertaken. In addition, Birmingham and Sheffield Assay Offices made changes to their representatives during the year.
- Governance and administration: new Standing Orders were put in place for the Council and all committees. The Governance Overview Document forms a reference manual for Council members and provides the structure for the induction of new Council members.
- Regulators' Code: a review of the Council's operations against the Regulators' Code was undertaken and an audit report was reviewed by the Council at its October meeting.
- Diversity: Secretary of State appointment processes adhere to government guidance on diversity. This guidance has been shared with the Assay Offices and diversity is now a standing item on the agenda of the Joint Assay Offices Committee.

- The relationship with our Sponsor in BEIS, the OPSS, has continued to work well. BEIS representatives attend Council meetings and provide support to the Secretariat and will participate in the inductions of new Council members.

During the year the Council did not approve any applications for new sub-offices.

The Council fixes the maximum charges which may be made for assaying and hallmarking. These remained unchanged during 2019. The price maxima are set out in Appendix 1.

Appendix 2 sets out the numbers of articles hallmarked in 2019, and Appendix 3 contains the number of items marked in the UK under the Convention on the Control and Marking of Articles of Precious Metal during 2019.

b. Performance Analysis

Performance measures

The Council measures its performance by setting itself specific objectives for each year in consultation with the OPSS. The objectives for 2019 were as follows:

- **EU Exit:** to review the findings of the BHC's survey of the industry and to continue to engage with the BHC's sponsor body in government in discussions on legal, trading and regulatory structures. The Council reviewed the findings at its meeting in April 2019 and these have been fed into our sponsor body OPSS. The BHC has participated in update webinars run by BEIS and continues to monitor information as it becomes available.
- **Operational integrity:** to maintain oversight of arrangements to ensure the continued integrity of Assay Office operations including sub-offices; to implement the new protocols for new applications and to develop an ongoing system for five-yearly revalidations of sub-offices. The Applications Committee is working with the Queen's Assay Master with the aim of co-ordinating processes and avoiding duplication. In line with the new protocols set out in the revised Standing Orders of the Applications Committee, priority has been given to reviewing the sub-offices. Following a fact-finding exercise, a programme for five-yearly re-validation of sub-offices has been established with plans in place for the first visits to take place in 2020. In addition, a consolidation exercise has been carried out to bring together historical records of the Applications Committee and a register of the history of the sub-offices.
- **Technical consistency:** to review the database of technical decisions and guidance and how technical decisions are made, logged, communicated and monitored between the Assay Offices; to develop a protocol for the use of XRF testing; to update the Hallmarking Guidance Notes. During the year the Technical Committee and related working group continued to review these issues: a shared XRF methodology has been produced and a number of items for inclusion in updated Hallmarking Guidance Notes were identified. Work is in hand to update the shared database of technical decisions maintained between the Assay Offices.
- **Hallmarking outside the UK:** the issue of whether a distinguishing mark should be applied to items hallmarked by UK assay offices in their overseas sub-offices has been an issue for the Council. The BHC policy on the use of existing marks with no differentiation was established in 2014 following the publication of the Legislative Reform (Hallmarking) Order in 2013. This policy came under review following the decision of Case C-525/14 in the European Court of Justice handed down in 2016. During 2017 a consultation process was undertaken to receive the views of stakeholders on the issue. Taking account of all views, the Council collectively determined to change the previous policy and it decided that hallmarks struck outside the UK by UK Assay Offices should be distinguishable from those struck in the UK. The form of the offshore mark was agreed in 2018 and a 12 month transition period for implementation was agreed. A new Dealer's Notice was produced in 2019 with a requirement that its use be compulsory from 1 May 2020, and a programme of communications with the industry was undertaken.
- **Enforcement:** the BHC has enforcement powers and has traditionally discharged that role by working in collaboration with local Trading Standards departments who have a statutory duty under the Hallmarking Act. The pressure on local authority resources has reduced the level and consistency of enforcement. The BHC seeks to stimulate further enforcement activity to protect consumers and to raise standards of compliance across the industry. The Education & Enforcement Committee ran another successful Touchstone Award in 2019, this year for the first time in collaboration with the National Association of Jewellers. An enforcement project in Scotland, supported by the Edinburgh and Sheffield Assay Offices, surveyed 234 jewellery outlets, finding that almost half of the premises were not displaying the Dealer's Notice and a failure rate of 15.9% when checking whether items were correctly hallmarked. One of the follow ups to this exercise relates to online sales of precious metal goods, and a survey commissioned by the BHC which found a significant number of precious metal items being sold online without any indication of their hallmarking or correct descriptions. This was

followed up by contacts with major online marketplaces with a view to agreeing protocols for compliance with the Hallmarking Act. Work is in hand to develop a major project to protect and promote the UK jewellery industry.

- Education and raising the profile of hallmarking: education and raising the profile of hallmarking are closely entwined with enforcement activity. Despite the BHC's very limited resources the Education & Enforcement Committee worked on activities in a number of areas to provide information and education to the BHC's three key audiences: consumers, businesses, and Trading Standards departments. During 2019 the BHC's website hosted on gov.uk at <https://www.gov.uk/government/organisations/british-hallmarking-council> was redesigned to provide a focus on the key audiences with all content refreshed and updated. Building on the previous programme of training in hallmarking law for Trading Standards departments, the new online module on hallmarking developed by Birmingham Assay Office was promoted to Trading Standards departments across the UK. A number of press releases were produced during the year, with an increasing number of mentions of the BHC's work in industry publications as a result.
- Council new members and appraisal process: four new Secretary of State-appointed Council members joined the BHC from 1 January 2019, with three further new Secretary of State-appointed members recruited during the year to start on 1 January 2020. In addition, Birmingham and Sheffield Assay Offices made changes to their representatives during the year. As part of the major review of governance, a new induction process for Council members was devised and delivered and will be repeated for future new intakes. Committee roles were handed over, with all new members participating either in committees or project working groups. An induction process for new committee members was also devised and delivered. I carry out an annual appraisal of all Secretary of State appointed Council members.
- Governance and administration: following the major review of governance undertaken in 2018, new Standing Orders were put in place for the Council and all committees. The Governance Overview Document and set of related documents for Council members forms a reference manual about the BHC's operations and was maintained up to date and available for Council members through a shared facility. This document forms the core of the induction manual produced for new Council members and provides the structure of the induction process. Following a decision at the Council meeting in October 2019 steps have been taken to establish a new Remuneration Committee, with initial Standing Orders, membership and initial recommendations prepared for Council approval.
- Regulators' Code: a review of the Council's operations against the Regulators' Code was undertaken. An audit report document was produced and reviewed by the Council at its October Council meeting.
- Diversity: to agree a policy to increase the diversity of the BHC: Secretary of State appointment processes adhere to government guidance on diversity. This guidance has been shared with the Assay Offices and diversity is now a standing item on the agenda of the Joint Assay Offices Committee.

The Council's performance against the objectives above is amenable to clear measurement of the achievement of those objectives. Further, representatives of the OPSS usually attend Council meetings and the Chair and Secretary meet separately with those representatives to discuss Council performance, including achievement of the specific objectives.

The Council continued to operate in accordance with the Framework Document which was agreed and signed during 2018 and published on the BHC's website.

A new Risk Register was agreed by the Council at its meeting in October 2018 and was reviewed and updated at its October 2019 meeting.

The Council continued to publish the minutes of its meetings on its website.

2019 saw the start of a new collaboration between the BHC and the National Association of Jewellers with the National Association of Jewellers co-sponsoring the Touchstone Award. In June 2019 the Touchstone Award was presented to Shared Regulatory Services representing Trading Standards services from Cardiff, Bridgend and Vale of Glamorgan for their ongoing hallmarking enforcements projects. They had made proactive visits to 21 jewellers, revealing four premises selling un-hallmarked goods and a fifth offering counterfeit goods as well as some un-hallmarked items. In addition, an exhaustive investigation following a complaint about an eBay seller led Shared Regulatory Services to expose a seller selling mis-described, un-hallmarked jewellery, counterfeit jewellery and unsafe cosmetics, with successful prosecutions following. A Special Award was made to Birmingham Trading Standards for its intensive two year operation concerning fake gold bangles which was featured on television. A Highly Commended Award was also made to Nottinghamshire Trading Standards for their enforcement exercise which brought to justice internet sellers operating in their county. Hundreds of items were fraudulently mis-described and substantial fines and costs orders were imposed by the Crown Court as a result of this work. The presentation of the award was made at the CTSI's annual Consumer Affairs and Trading Standards Conference. The Touchstone Award is a prestige award, which is valuable in providing stimulus for enforcement activity and former Council member Robert Grice has been the vital

moving force in making it happen. The Council is extremely grateful to Robert Grice for his continuing help during 2019 and in setting up the 2020 Touchstone Award.

The Council does not itself exercise the power to enforce the Hallmarking Act. The Hallmarking Act s9(1) provides that "it shall be the duty of every Local Weights and Measures Authority to enforce the provisions of this Act within their area". This means that within each Local Authority, the Trading Standards Department has the responsibility for enforcing hallmarking legislation. Like many other activities, enforcement is subject to the financial constraints facing all local authorities. In addition, enforcement of hallmarking has to be considered along with the many other enforcement responsibilities which are the duty of the Trading Standards Service. Further, in some regions, the low quantum of fines imposed on offenders by the courts may have the effect of diminishing the deterrent value of enforcement activity. It continues to be the case, however, that enforcement activities undertaken, particularly those involving inspection of retail premises, have proved more efficient when conducted by Trading Standards Service staff in conjunction with staff from the Assay Offices. Such direct enforcement in the market place ensures fair trading between traders and provides important protection for consumers, essential where, without a hallmark, the consumer is generally unable to determine the fineness of an article made from precious metal. All of the Assay Offices have worked closely with Trading Standards Officers over the last year.

The Education & Enforcement Committee has made substantial progress since its establishment in 2017 on reviewing and updating the Council's website; in organising training to trading standards officers through their professional body branch meetings, and in running the Council's Touchstone Award for innovation in enforcement of the Hallmarking Act. It also worked with an internet scrutiny organisation which carried out a survey of online market places selling precious metal jewellery, producing statistics regarding significant levels of non-compliance which were used for a publicity campaign in collaboration with the Goldsmiths' Company and which is being taken forward in approaches to three key online marketplaces.

Long-term plans to amend the Hallmarking Act 1973 and modernise and strengthen it for today's world of global and internet trading continue.

No new sub-offices were opened during the year.

The Council via the Secretary receives numerous queries from members of the public, usually relating to the application of hallmarking law or concerns about jewellery purchased which did not appear to be hallmarked. Responses are sent to all queries.

The Council has the power to consider complaints against assay offices which refuse to hallmark items and can issue directions in response to a complaint. The Council has a complaints procedure which was not invoked in 2019.

The Council's primary function is to ensure that there are adequate facilities for hallmarking as required in the UK from time to time. The Royal Mint conducts annual inspections of the assay offices and provides a copy of its report to the Council. This assists the Council in assessing its performance in respect of this function. The Royal Mint conducted its inspection of the hallmarking and assaying operations of the four Assay Offices in late 2019. The Queen's Assay Master's report confirms that all assay offices are performing satisfactorily and in general are addressing non-compliances and raising their standards as a result. Some specific areas for improvement were noted for some sub-offices.

The integrity of hallmarking remains a priority for the Council. In consultation with the Queen's Assay Master the Council, working with the Applications Committee, continues to review the oversight of arrangements to ensure the continued integrity of assay operations including sub-offices. In line with the new protocols set out in the revised Standing Orders of the Applications Committee, priority has been given to reviewing the sub-offices. Following a fact-finding exercise, a programme for five-yearly re-validation of sub-offices has been established with plans in place for the first visits to take place in 2020. In addition, a consolidation exercise has been carried out to bring together historical records of the Applications Committee and a register of the history of the sub-offices.

The expenses of the Council are covered by the assay offices *pro rata* to their respective turnover figures as laid down by the Hallmarking Act. Accordingly it would not be appropriate for the Council to have a permanent surplus of income over expense. The accounts for the year are included in the combined report and accounts.

Signed

Noel Hunter
Chair and Accounting Officer

Date: 2 June 2020

3 ACCOUNTABILITY REPORT

a. Corporate Governance Report

The Council members who have served at any time during the year are as follows:

Carol Brady
 Neil Carson
 Malcolm Craig
 Ken Daly
 Louise Durose
 Helen Forder
 Patrick Fuller
 Peter Hayes
 Andrew Hinds
 Noel Hunter, Chair
 Harriet Kelsall
 Tom Murray
 Isobel Pollock-Hulf
 David Reddaway
 David Sanders
 Vanessa Sharp
 Matthew Sibley
 John Stirling
 Charles Turner
 Gary Wroe

Duties of Council members

The function of the British Hallmarking Council is set out in the Hallmarking Act 1973. Individually Council members contribute to the fulfilment of that function through their participation at meetings - usually twice a year. In addition, Council members may serve on working parties to consider various topics from time to time.

There are five standing Committees of the Council:

- Applications Committee, made up of Council members, to deal with individual applications by assay offices for permission to open a sub-Office
- Technical Committee, made up of the four assay masters who are not members of the Council
- Joint Assay Office Committee (JAOC), made up of the four assay masters, the assay-office-appointed members of the Council and the Chair of the Council
- Education and Enforcement Committee, made up of members of the Council and one Assay Office representative to deal with press statements and publicity.
- Following a decision at the Council meeting in October 2019 steps have been taken to establish a new Remuneration Committee, with initial Standing Orders, membership and recommendations prepared for Council approval.

Information about the Chair and other members of the Council, together with their category of membership, is provided at page 17. The Hallmarking Act Schedule 4 provides that the Council should consist of no fewer than 16 and no more than 19 members. Ten members are appointed by the Secretary of State and six are appointed by the assay offices, with a provision for two co-opted members. There are no individual members who have authority or responsibility for directing or controlling the Council's activities during the year. The Chair has a casting vote (Hallmarking Act, Schedule 4 para 12). Council members are required to act in accordance with the Cabinet Office's Model Code of Practice for Members of Public Bodies. Further details are provided in the Governance Statement at page 12. The Council has no employees.

Disclosure of Council members' interests

All members complete declaration-of-interest forms. Members who are appointed by the Assay Offices declare an interest accordingly. One member has been appointed as a member of the Finance Audit and Risk Committee of the Worshipful Company of Goldsmiths (2020). There are no company directorships or other significant interests which are likely to conflict with the discharge of Council membership.

The register of Council members' interests is open to inspection by the public by prior appointment with the Secretary at the Offices of Shakespeare Martineau.

Payment policy

The British Hallmarking Council adheres to the principles of the Better Payment Practice Code ('BPPC') as set out below:

- Agree payment terms at the outset of a deal and stick to them;
- Explain payment procedures to suppliers;
- Pay bills in accordance with any contract agreed with the supplier or as required by law; and
- Tell suppliers without delay when an invoice is contested, and settle disputes quickly.

The BPPC target is to pay all undisputed supplier invoices within 30 days, unless other payment terms have been agreed.

This target was achieved in relation to 93% (2018: 78%) of invoices by value. There was a delay in receiving some authorised Shakespeare Martineau invoices. Invoices were settled by Faster Payment Service (FPS) and batch paying was in operation.

Personal data and whistleblowing

The Council is registered as a data controller under number **Z3489143**. There have been no personal data loss incidents during the year 2019.

The Council has no employees or workers and hence the Public Interest Disclosure Act 1998 does not apply to it. There have, in any event, been no incidents analogous to whistleblowing during 2019. Although the Council pays the Chair and Secretary via a payroll in accordance with advice received relating to statutory office-holders and National Insurance neither is considered to be an employee of the Council or a worker in respect of the Council.

Statement of Council and Accounting Officer's responsibilities year ended 31 December 2019

Under the Hallmarking Act 1973 (as amended), the Secretary of State with the approval of the Treasury, has directed the British Hallmarking Council to prepare a statement of accounts each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Council's state of affairs at the period end and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Council and the Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departure in the financial statements; and
- prepare the financial statements on a going-concern basis, unless it is inappropriate to do so.

The Principal Accounting Officer for BEIS appointed the Chair of the Council, Noel Hunter, as Accounting Officer with effect from 7 April 2017. The declarations in this document are made by Noel Hunter, as Accounting Officer.

The relevant responsibilities of the Accounting Officer, including responsibility for the propriety and regularity of the public finances and for keeping proper records, are set out in HM Treasury's "Managing Public Money" Chapter 3.

So far as the Accounting Officer is aware, there is no relevant audit information of which the Council's auditors are unaware. Further, the Accounting Officer confirms that he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Council's auditors are aware of that information. The Annual Report and Accounts as a whole is fair, balanced and understandable, and the Accounting Officer takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

b. Governance Statement Year Ended 31 December 2019

Scope of responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of the British Hallmarking Council's policies, aims and objectives, whilst safeguarding the public funds and Council assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Managing Public Money".

My appointment as Accounting Officer was confirmed by the Department for Business, Energy & Industrial Strategy, the Council's sponsoring Department (BEIS), on 7 April 2017. The appointment letter sets out the specific responsibilities of the Accounting Officer in respect of internal control matters.

On 26 March 2010, the Council adopted the Model Code of Practice for Board Members of Advisory Non-Departmental Public Bodies issued by the Cabinet Office, which was replaced by the Model Code of Conduct for Board Members of Public Bodies, June 2011 and adopted by the Council on 7 April 2014 ("the Code"). The Code is based on Cabinet Office Guidance on 'Codes of Practice for Board Members of Public Bodies' issued in 2004 ("the Guidance"). The Guidance incorporates my responsibilities as Accounting Officer towards the overall management of the Council, its procedures and financial matters.

Governance structure

The composition of the Council is determined by the Hallmarking Act 1973 Schedule 4. The maximum number of members is nineteen and the minimum is sixteen. Ten members are appointed by the Secretary of State, at least three of whom have experience of consumer protection, four of whom are engaged in trading or manufacture of precious metal, and the others are of independent status. Six members of the Council are assay office appointees, two from the Birmingham and London Assay Offices and one each from the Sheffield and Edinburgh Assay Offices. Two further members are co-opted to the Council and such members are usually recommended by the Sheffield and Edinburgh Assay Offices. The assay masters and other employees of the four assay offices are entitled to attend and speak at Council meetings, but may not vote.

The Council normally meets twice a year, usually in April and October. Members' attendance or non-attendance is noted at each meeting and documented in the minutes.

There are five committees.

The Applications Committee is made up of no fewer than three and no more than four Secretary of State-appointed members of the Council. Its remit is to consider applications by the assay offices to set up sub-offices or otherwise engage in off-site hallmarking (eg on customers' premises or overseas) and to make recommendations accordingly to the Council. Hence, while the Council grants or refuses applications with respect to setting up sub-offices in accordance with the Hallmarking Act 1973 s13(2)(e), responsibility for the administration of the approvals scheme has been delegated to the Applications Committee. The Applications Committee has issued criteria and protocols for setting up sub-offices, as well as for component and off-shore marking, all of which were approved by the Council. In April 2012, the Council further delegated authority to the Applications Committee to consider applications for temporary sub-offices, in accordance with the Council's powers of delegation under the Hallmarking Act 1973 Schedule 4 para 15. In October 2012, the Council accepted the Applications Committee's recommendation (i) to apply to applications for sub-offices overseas the current control process for new UK sub-offices/component marking and (ii) to apply the control processes in (i) to existing sub-offices. The Applications Committee provides a report of its activities at each meeting of the Council. The Applications Committee operates in accordance with Standing Orders which were substantially revised in 2018 and incorporated new Principles Governing the Approval of Sub-offices. The integrity of hallmarking remains a priority for the Council. The Council, with the Applications Committee, continues to work in consultation with the Queen's Assay Master to review oversight of operations to ensure the continued integrity of assay operations including sub-offices. In addition, the Applications Committee is working with the Queen's Assay Master with the aim of co-ordinating processes and avoiding duplication. In line with the new protocols set out in the revised Standing Orders of the Applications Committee, priority has been given to reviewing the sub-offices. Following a fact-finding exercise, a programme for five-yearly re-validation of sub-offices has been established with plans in place for the first visits to take place in 2020. During 2019 a consolidation exercise was carried out to bring together historical records of the Applications Committee and a register of the history of the sub-offices.

Schedules 1 and 2 of the Hallmarking Act 1973 make detailed provision for various technical aspects of the hallmarking regime. From time to time, queries arise concerning the practical application of those provisions, which can only be properly addressed by individuals with the relevant, technical hallmarking expertise. At its October 2012 meeting, the Council approved in principle the creation of a Technical Committee in accordance with the Hallmarking Act 1973 Schedule 5 paragraph 15, to address those technical matters in the relevant Schedules. Terms of reference for the Technical Committee were agreed by the Council at its meeting on 15 April 2013. The Technical Committee's remit is

to consider and make recommendations to the Council regarding the interpretation and application of the provisions relating to the technical aspects of hallmarking as set out in the Hallmarking Act 1974 Schedules 1 and 2; to consider and make recommendations on any specific, technical matters referred to it by the Council; and to make decisions on such technical matters within its remit as are specifically delegated to it by the Council. The Technical Committee, whose members are the four Assay Masters, reports to the Council at its April and October meetings. Its Standing Orders were updated during 2018. During 2019 the Technical Committee and related working group continued to review the database of technical decisions and how these decisions are made, logged, communicated and monitored between the Assay Offices. It also reviewed XRF testing across the Assay Offices and has written a shared XRF methodology. In addition, a number of items for inclusion in updated Hallmarking Guidance Notes were identified.

On 15 April 2016, the Council approved the creation of a new sub-committee, the Joint Assay Office Committee (JAOC), and its standing orders were subsequently approved on 10 October 2016. The remit of the JAOC is to make recommendations to the Council regarding the discharge of its statutory powers and duties under the Hallmarking Act, in particular with regard to enforcement, advising the Secretary of State, amendments to the Hallmarking Act and any strategic matters specifically referred to it by the Council. Its Standing Orders were updated during 2018. During 2019 the JAOC worked on strategic issues facing the Council, notably the industry survey and the new Dealer's Notice and related publicity campaign.

During 2017, the Council agreed to re-establish the Education & Enforcement Committee to work with Trading Standards, the Assay Offices and the industry to increase awareness and enforcement activity; increase consumer understanding; to deliver the Touchstone Award and develop it for the future. The committee is made up of BEIS-appointed and Assay Office Council members and one Assay Office representative to assist with press statements and publicity. The Education & Enforcement Committee reports to the April and October Council meetings. 2019 saw the BHC's website significantly updated with a focus on its three key audiences: consumers, businesses, and Trading Standards. The Touchstone Award, now in collaboration with the National Association of Jewellers as a co-sponsor, was very successful in finding and publicising significant enforcement work carried out by Trading Standards departments and encouraging future enforcement work. The Committee and the Assay Offices worked with Trading Standards departments on enforcement initiatives. A survey of online marketplaces selling precious metal jewellery produced evidence of significant levels of non-compliances with hallmarking law, which led to a publicity campaign and a programme of follow up actions with key online marketplaces.

The Council at its meeting on 3 October 2019 agreed to establish a Remuneration Committee to oversee remuneration of the Chair and Secretary and oversee fees paid to external advisers. An initial committee composed of two Secretary of State appointed members and one Assay Office representative was established. Draft Standing Orders and an initial set of recommendations for Council have been produced.

Following the major review of governance undertaken in 2018 new Standing Orders were put in place for the Council and all committees. The Governance Overview Document for Council members was maintained up to date and available for Council members through a shared facility and this document formed the core of the induction manual produced for new Council members which was provided as part of the induction process. The new timetable for production of the annual business plan and budget was put into operation and was helpful in enabling progress to continue smoothly from one year to the next.

Review of Council performance

A system of appraisal of individual members appointed by the Secretary of State has been developed and is conducted by me as Chair. These members are assessed in respect of their understanding of the statutory obligations of the Council, their contribution to the discharge of those responsibilities, attendance at meetings, preparedness, participation in debates, and acceptance of collective responsibility. These appraisals are now conducted annually. A full round of appraisals was carried out in 2019.

Risk and the purpose of the system of internal control

The Council's key risks are set out in a risk register following a risk assessment carried out in October 2018 and reviewed at the Council meeting in October 2019. Those risks include dissolution of the Council, ensuring the adequacy of hallmarking facilities and loss of an officer of the Council. This year, risks have been identified as having a high impact and a high likelihood of occurring. These were:

- Loss of Secretary of State appointed members (and, to a lesser extent, failure to recruit Secretary of State appointed members). The 2018 Cabinet Office changes stipulating that members can serve a maximum of two terms caused difficulties for the BHC where the maximum had previously been three terms. Three members coming to the end of their second term in 2018 had their term extended for one year, which staggered the impact

of the change. Recruitment of four new members to start on 1 January 2019 was successful, and a recruitment exercise in the autumn of 2019 means that three further new members are in place for 1 January 2020 onwards. However, there remains an effect on the BHC, with the loss of valuable members whose experience provided continuity in committee work. This has been mitigated by increasing the involvement of the Secretariat in administration of the Applications Committee and the Education & Enforcement Committee.

- EU Exit and the associated uncertainties and risks. This remains high impact with a high likelihood of occurring for as long as uncertainty continues. The issue remains a central concern for the BHC, the Assay Offices and the industry. The BHC's survey of the jewellery industry in 2019 indicated serious concerns over the potential impact of EU Exit on respondents' businesses. Concerns related to the potential general economic impact and also to the specifics of the ultimate deal. Most respondents were not aware of the potential loss of mutual recognition of hallmarks: the continued recognition of British hallmarks across Europe was seen as very important and a third of respondents indicated that they would consider hallmarking goods elsewhere if British hallmarks were no longer recognised Europe-wide. The BHC considered these findings at its meeting in April 2019 and these have been fed into our sponsor body OPSS. The BHC has participated in update webinars run by BEIS and continues to monitor information as it becomes available.

There continues to be a risk relating to the burden of responding to Government Department initiatives and requests for information including the Business Impact Target return annually. Given its constitution (i.e. a body comprising members), responding to those requirements can be a burden on the Council's limited resources. This risk is also identified in the risk register.

An item identified as a risk in the BHC's Annual Report and Accounts in previous years has been the issue of whether a distinguishing mark should be applied to items hallmarked by UK Assay Offices in their overseas sub-offices. During 2019, the new distinguishing mark for items hallmarked overseas was introduced following the 12 month transition period given for implementation.

In the course of 2019 the Council, as in previous years, received a number of enquiries and complaints regarding un-hallmarked gold and silver being sold on the internet by overseas suppliers. The law on hallmarking of goods sold in this way is unclear and clearly poses a threat to properly hallmarked items sold in the UK.

The integrity of hallmarking remains a priority for the Council. The credibility of hallmarking relies on its technical consistency and operational integrity. Operational integrity remains a priority for the BHC and during 2019 the Applications Committee carried out a fact-finding exercise and has established a programme for five-yearly re-validation of sub-offices in line with the new protocols set out in its Standing Orders. Technical consistency is at the heart of maintaining the reputation of hallmarking and work is ongoing to review the database of technical decisions and a protocol for the use of XRF testing has been developed. The relationship with the Queen's Assay Master is increasingly important.

It remains the case, as reported in previous years, that budget constraints on local authorities as a result of reduced funding, together with the low quantum of fines sometimes imposed for hallmarking offences, have reduced the appetite amongst some Trading Standards Departments for enforcement of hallmarking legislation. The BHC, through education and the Touchstone Award, and the Assay Offices, through supporting prosecutions, continue to seek to stimulate enforcement activity which is vital for the protection of consumers.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the British Hallmarking Council for the year ended 31 December 2019 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk and control framework

The Council is a small organisation and internal control procedures have been designed with that in mind. The following arrangements are in place, which demonstrate the Council's capacity to handle the risks to its operations:

- Council meetings, which I attend as Accounting Officer and Chair, are held twice a year to discuss the activities of the Council and to review or assess the impact of existing and proposed legislation, together with relevant government policy, on the Council. Representatives from the Assay Offices regularly attend Council meetings.
- As Chair and Accounting Officer, I monitored Council-related matters and appraised Council members accordingly. I also liaised regularly with the Assay Offices to keep up to date with issues relevant to hallmarking.
- As Chair and Accounting Officer I have been in frequent contact with the OPSS to ensure that there is a proper flow of information and government policies affecting the Council are appropriately implemented.

- The annual budget is approved by the Council. Shakespeare Martineau LLP prepares and maintains accounting records under my supervision and any payments made to that firm for all services provided are approved by me and disclosed separately in the financial statements. Invoices for payment to this firm are supported by detailed narratives of expenditure. Statements of Time Spent for Secretariat services provided by Sue Green were supported by a breakdown of time spent and are approved by me.
- Actual expenditure is reviewed in comparison with the annual budget by the Council and is approved by the Council when the statement of accounts is approved.
- The Council does not have an internal audit function or audit committee but the Council will consider matters which have an impact on internal control and the financial statements. This arrangement is considered sufficient for the size and extent of the Council's operations.
- Assay Offices are required annually to issue viability statements indicating their ability to provide hallmarking services for the next twelve months, and by implication, to generate income to apply to the Council's costs.
- The Council has no staff or assets and hence its contractual arrangements and related payments are minimal. The vulnerability of the Council to fraud is therefore correspondingly low. Any payments to third parties are approved by the Chair and Secretary and are made to known contacts. Payments made to Shakespeare Martineau LLP are, as already indicated, supported by detailed narratives and approved by me. Statements of Time Spent for Secretariat services from Sue Green are supported by a breakdown of time spent and are approved by me.

Review of effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of Council members who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports, including the results of the Royal Mint inspections. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Council and a plan to address weaknesses and ensure continuous improvement of the system is in place.

A copy of the latest Corporate Statement 2020 comprising the Council's Business Plan and Budget will be available on the Council's website once confirmed at the April Council meeting.
(<https://www.gov.uk/government/organisations/british-hallmarking-council>).

In accordance with the Macpherson Review, I confirm that, in view of the processes outlined above, the Council has a quality assurance framework in place which is used for all business-critical models. Given its constitution, size and the nature of its functions, the Council has not considered it appropriate or proportionate to publish separately a list of business-critical models.

c. Remuneration report (audited)

There were no staff employed by the Council during 2019 (none in previous years). However having received advice in relation to statutory office-holders and National Insurance the BHC operates a payroll for the purposes of paying the Chair and Secretary.

I am a Fellow of the Chartered Trading Standards Institute, the Royal Society of Arts and a member of the Institute of Consumer Affairs. I am also Vice President of the Chartered Trading Standards Institute and a member of its Board. As Chair I am paid an honorarium of £18,000 per annum as agreed at a Council meeting on 7 April 2017. The formal duties of the Chair are set out in the Hallmarking Act 1973 and include conducting meetings of Council and liaising with the Secretary of State. As Chair I do not have set hours of work, nor a target for total hours of work. My remuneration to date has been set by the Council on the basis of a recommendation by an informal committee of Council members. The Chair is elected by the Council. At the Council meeting on 3 October 2019 the Council resolved to reappoint me as Chair for a further three year term from 7 April 2020. My remuneration will be reviewed by the newly formed Remuneration Committee.

Members of the Applications Committee are paid £75 per hour for work connected with sub-office applications and the payment is usually made by the Assay Office submitting the relevant application.

Secretariat services are provided by Sue Green, an independent contractor providing secretariat services. The Secretary is appointed by the Council for an undefined period. The Secretary is paid for secretariat services on an agreed daily charging rate of £325 per day. The amount charged in respect of secretariat services varies from year to year in accordance with the time spent.

In 2019 the amount for Legal and Secretariat costs and expenses was £43,388 including legal advice from Shakespeare Martineau and Secretariat services provided by Sue Green. In 2018 the amount was £56,320 plus VAT. The remuneration of the Secretary will be reviewed by the newly formed Remuneration Committee.

Off-payroll arrangements

During 2018 advice was taken by the BHC and it was concluded that the roles of Chair and Secretary are deemed to be statutory office-holders and that accordingly Employers National Insurance was payable and a payroll needed to be operated for payment to both the Chair and the Secretary. This was put into operation during the year with effect from 6 April 2018.

Accordingly there are no off-payroll arrangements in place.

The number of new engagements during the period was zero.

d. Going Concern

The British Hallmarking Council remains a going concern. This is confirmed by the provision of a viability report from each of the four Assay Offices indicating that they have sufficient funds to provide hallmarking services for 2020 and by inference, to fund the expenses of the Council. OPSS as the sponsor team within BEIS have indicated that they have no reason to believe ministers will withdraw support for the hallmarking regime for the foreseeable future. Despite the temporary closure of the Assay Offices during the Covid-19 pandemic (see Note 11), the BHC has sufficient flexibility and resources to remain able to deliver its statutory functions for the coming year.

e. Parliamentary Accountability: regularity of expenditure (audited)

The Council's expenses are estimated at its April meeting each year in accordance with the Hallmarking Act 1973 (Schedule 4 paragraph 18(1)). The expenses incurred are met out of the contributions paid by the four Assay Offices in accordance with the allocations prescribed by Hallmarking Act 1973 Schedule 4 paragraph 18(2). The Hallmarking Act 1973 (Schedule 4 paragraph 20) permits the payment of travelling and/or subsistence and/or other allowances to members or to any member of a committee. The Council's Standing Orders provide that members' reasonable travelling, hotel and other out-of-pocket expenses incurred in the proper performance of Council-related activities will be reimbursed.

Members are required to submit all expenses claims to the Secretary for approval and to support those claims with receipts.

The Council may pay to the Chair such remuneration as it sees fit (Hallmarking Act 1973 (Schedule 4 paragraph 20)). The current honorarium is £18,000 per annum but is under review by the newly formed Remuneration Committee.

The Hallmarking Act 1973 (Schedule 4 paragraph 21) further permits the appointment of the Secretary on such terms as to remuneration as the Council sees fit. Under the payroll system which is now in operation Sue Green submits Schedules of Time Spent for approval before payment. Remuneration of the Secretary is now under review by the newly formed Remuneration Committee.

There have been no instances of irregular payments.

f. Auditors

The statement of accounts has been audited by the Comptroller and Auditor General. The auditors are appointed under statute and report to Parliament. The audit fee for the year ended 31 December 2019 is £3,700 (£3,550 in 2018). No other services were provided.

Signed

Noel Hunter
Accounting Officer

Date: 2 June 2020

4. MEMBERS OF THE COUNCIL

The members of the Council who served during the year were:

Chair

Noel Hunter OBE is a Fellow of the Chartered Trading Standards Institute, the Royal Society of Arts and a member of the Institute of Consumer Affairs. He is also Vice President of the Chartered Trading Standards Institute and member of its Board. He is Chair of the Consumer Code for Home Builders and Chair of the Myton Hospices. He is an Independent member of Disciplinary Tribunal for National Association of Estate Agents. He took over the role of Chair from 7 April 2017. At the Council meeting on 3 October 2019 the Council resolved to reappointed Noel as Chair for a further term of 3 years with effect from 7 April 2020.

Members appointed by BEIS:

Malcolm Craig is a Senior Trading Standards Officer employed by West Lothian Council. He is responsible for the day to day operations of the Trading Standards Service. He is a past Chair of the Chartered Trading Standards Institute.

Ken Daly is the Trading Standards National Co-ordinator for Scotland, employed by SCOTSS, a charitable organisation of Scottish Chief Officers. A former Head of Trading Standards in the City of Dundee, and a Fellow of the Chartered Trading Standards Institute, Ken is also a non-executive director of the Consumer Codes Approval Scheme operated by CTSI.

Louise Durose is the General Counsel of MAN Energy Solutions UK Ltd a subsidiary of MAN Energy Solutions headquartered in Germany. MAN Energy Solutions designs and manufactures power generation systems within the marine, energy and industrial sectors enabling its customers to achieve sustainable value creation in the transition towards a carbon neutral future using a unique portfolio of technologies.

Helen Forder is a director of The PMC Studio Ltd, the distributor of Precious Metal Clay in the UK and Ireland. Following a degree in European Business, she worked in international marketing for 20 years in various industry sectors.

Patrick Fuller is a former chairman of one of the largest manufacturing jewellery companies in the UK and is past president and chairman of three trade associations including the National Association of Jewellers. He is a previous member of the British Hallmarking Council from the late 1990's. He is Liveryman of the Goldsmiths' Company and Freeman of the City of London.

Andrew Hinds is a Director of F Hinds, a retail group with 127 stores across England & Wales and has worked in the business full time since 1989. He is on the National Committee of the National Association of Jewellers and is a former Chairman. He is a Liveryman of the Worshipful Company of Goldsmiths and Fellow of the Gemmological Association.

Harriet Kelsall is the founder and executive chair of Harriet Kelsall Bespoke Jewellery. She is the chair of the National Association of Jewellers (terms ends June 2020) and is a Freeman of the Worshipful Company of Goldsmiths, an author and a public speaker. She recently finished a term as a non-executive director of the Responsible Jewellery Council.

Isobel Pollock-Hulf is Chair of Programme Expert Group (PEG) for Digital covering Data, Quantum, Electromagnetics and Time at the National Physical Laboratory, and also a board member at the NPL Science and Technology Advisory Council. She is a Visiting Professor in Engineering Design at the University of Leeds. She was previously Chair of the National Measurement and Regulation Office Steering Board. She is Past Master of the Worshipful Company of Engineers and Past President of the Institution of Mechanical Engineers.

David Sanders is a former Head of Trading Standards in the Vale of Glamorgan, and a former Assistant Director for Consumer Protection for the City and County of Cardiff. He is a former Council Member, Branch Chairman and National Chairman of CTSI and a Fellow of the Institute. He is Lead Officer for CTSI on Civil Law and Hallmarking. He is a Consumer Representative for the British Standards Institute.

Vanessa Sharp is a non-executive board member at Companies House. She is former General Counsel at KPMG. She is an independent non-executive director of ICE Futures Europe Ltd, chair of its Authorisation, Rules and Conduct Committee and a member of its Risk and Audit Committee. She is an independent non-executive director of Newable, chair of its Risk Committee and a member of its Audit Review Committee. She is an independent non-executive director of Hill Robinson Group Ltd. She is a trustee of the charity Create Arts and a practising jeweller and silversmith.

Assay Office Representatives (London):

Sir David Reddaway KCMG MBE is Chief Executive and Clerk of the Goldsmiths' Company.

Neil Carson OBE is the Chairman of the Goldsmiths' Company Assay Office Management Board.

Assay Office Representative (Sheffield):

Peter Hayes was Chairman of the Guardians of the Sheffield Assay Office until 15 November 2019. He is also Chairman of the Sheffield Technology Park.

Charles Turner DL is a retired Army Officer and his day job is as Managing Director of Durham-Duplex, an international machine knife, hand knife and industrial blade manufacturer. In between his other roles he also chairs "Made in Sheffield" which promote Sheffield's manufacturing industries. He became Chairman of the Guardians of the Sheffield Assay Office on 15 November 2019.

Assay Office Representatives (Birmingham):

Carol Brady MBE is Chairman of Birmingham Assay Office.

Gary Wroe is a Warden of the Birmingham Assay Office with over 30 years' experience working at Hockley Mint Ltd, a manufacturing jeweller. Gary is active on a number of boards to develop and promote the jewellery industry and is a Freeman of the Worshipful Company of Goldsmiths.

Assay Office Representative (Edinburgh):

Tom Murray is Deacon of the Incorporation of Goldsmiths in Edinburgh. He is the founding director of Charityflow, a Trustee of Mercy Corps and is the Purse Bearer to the Lord High Commissioner.

Co-Opted Members:

Matthew Sibley is the Law Clerk to and on the Executive board of the Sheffield Assay Office, a solicitor and strategic business consultant in Sheffield, a charity trustee and a non-executive director.

John Stirling is Law Clerk to the Edinburgh Assay Office and a solicitor in Edinburgh.

Assay Masters (entitled to attend):

Dr Robert Organ is Deputy Warden of the London Assay Office.

Douglas Henry is Assay Master of the Birmingham Assay Office.

Ashley Carson is Assay Master at the Sheffield Assay Office.

Scott Walter is Assay Master at the Edinburgh Assay Office.

The Office for Product and Safety Standards

In addition, members of OPSS, the sponsor body, attended Council meetings.

APPENDIX 1**THE BRITISH HALLMARKING COUNCIL****MAXIMUM CHARGES**

The following charges are the maximum charges fixed by the Council for assaying and hallmarking articles of precious metal:

	Maximum £
Platinum Platinum Articles (including Second Hand)	25.00
Gold Gold Articles (including Second Hand)	25.00
Palladium Palladium Articles (including Second Hand)	25.00
Silver Silver Articles (including Second Hand)	25.00

Non-statutory services

The Council does not set maximum prices for non-statutory services provided by the Assay Offices. For example, deep laser hallmarks, "Early Hall", "1 hr service", are subject to individual Assay Office's charges.

APPENDIX 2

NUMBERS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR
2018 AND 2019

QUARTER	ALL ARTICLES -1000 units		GOLD ARTICLES - 1000 units		SILVER ARTICLES - 1000 units		PLATINUM ARTICLES - single units		PALLADIUM ARTICLES - single units	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
FIRST	2,091	2,051	898	873	1,107	1,092	74,816	66,211	10,764	19,408
SECOND	1,924	1,934	882	883	953	955	81,143	76,925	8,350	18,112
THIRD	1,934	2,266	857	1,057	992	1,114	76,781	79,430	7,695	15,186
FOURTH	2,578	2,863	1,232	1,300	1,258	1,479	84,642	74,957	3,810	9,036
TOTAL	8,527	9,114	3,869	4,114	4,310	4,641	317,382	297,523	30,619	61,742

PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE

OFFICE	ALL ARTICLES 2019		GOLD ARTICLES 2019		SILVER ARTICLES 2019		PLATINUM ARTICLES 2019		PALLADIUM ARTICLES 2019	
LONDON	25	36	19	37	16	37	16	37	16	
BIRMINGHAM	31	31	30	43	40	43	40	43	40	
SHEFFIELD	24	28	17	14	40	14	40	14	40	
EDINBURGH	20	5	34	6	4	6	4	6	4	

APPENDIX 3

**CONVENTION ON THE CONTROL & MARKING OF ARTICLES
OF PRECIOUS METAL**

**UNITED KINGDOM
YEAR TOTAL 2019**

	GOLD	SILVER	PLATINUM	PALLADIUM	TOTALS
London	655,823	171,642	169,549	1,014	998,028
Birmingham	238,533	225,370	37,795	534	502,232
Sheffield	676,391	358,966	7,976	990	1,044,323
Edinburgh	15,107	146,421	262	0	161,790
TOTALS	1,585,854	902,399	215,582	2,538	2,706,373

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of British Hallmarking Council for the year ended 31 December 2019 under the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of British Hallmarking Council's affairs as at 31 December 2019 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the British Hallmarking Council in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the British Hallmarking Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the British Hallmarking Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis

Responsibilities of the Council and Accounting Officer for the financial statements

As explained more fully in the Statement of Council and Accounting Officer's Responsibilities, the Council and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine, certify and report on the financial statements in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the British Hallmarking Council's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the British Hallmarking Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the British Hallmarking Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause British Hallmarking Council to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Council and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my

audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the British Hallmarking Council and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 8 June 2020

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF COMPREHENSIVE NET EXPENDITURE
for the year ended 31 December 2019

	Note	2019 £	2018 £
Income			
Income on Activities	5	88,710	101,243
Expenditure			
Operating Expenditure	6	(88,718)	(101,250)
Net operating expenditure		(8)	(7)
Interest receivable		8	7
Net expenditure for the year		-	-

Statement of Changes in Taxpayers Equity

	2019 £	2018 £
Balance at 1 January	-	-
Net expenditure	-	-
Balance at 31 December	-	-

The notes on pages 28-30 form part of these accounts.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2019

	Note	2019 £	2018 £
Current assets:			
Trade and other receivables	7	7,446	4,745
Cash and cash equivalents	8	21,104	14,613
		<hr/>	<hr/>
Total current assets		28,550	19,358
Current liabilities:			
Trade and other payables	9	28,550	19,358
		<hr/>	<hr/>
Total current liabilities		28,550	19,358
Assets less liabilities		<hr/>	<hr/>
		-	-
Reserves		<hr/>	<hr/>
		-	-

The notes on pages 28-30 form part of these accounts.

The financial statements on pages 25 and 26 were approved by the Council on 2 April 2020 and were signed on its behalf by:

Signed

Noel Hunter
Accounting Officer

Date: 2 June 2020

STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net operating cost		-	-
(Increase) / Decrease in trade and other receivables	7	(2,701)	(754)
Increase / (Decrease) in trade and other payables	9	9,192	988
		<hr/>	<hr/>
Net cash inflow /(outflow) from operating activities		6,491	234
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents in the period		6,491	234
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period	8	14,613	14,379
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	8	21,104	14,613
		<hr/>	<hr/>

The notes on pages 28-30 form part of these accounts.

NOTES TO THE BRITISH HALLMARKING ACCOUNTS

1. PREPARATION OF ACCOUNTS

The statement of accounts of the British Hallmarking Council has been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with the Hallmarking Act 1973 (as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003). The statement has also been prepared in accordance with an Accounts Direction letter dated 21 January 2004 from the former Department of Trade and Industry which requires the annual accounts to show a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs at the year end and further requires the accounts to be prepared in accordance with the Government Financial Reporting Manual and other guidance which the Treasury may issue from time to time and any other specific disclosures required by the Secretary of State. Despite the temporary closure of the Assay Offices during the Covid-19 pandemic (see Note 11), the BHC has sufficient flexibility and resources to remain able to deliver its statutory functions for the coming year.

2. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FReM) by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the British Hallmarking Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by the British Hallmarking Council have been applied consistently in dealing with items that are considered material to the accounts.

Account convention

These accounts have been prepared under the historical cost convention.

Income

The activities of the Council are funded by the Assay Offices. Charges are levied in proportion to the relevant sales of the Assay Offices in the previous financial year, net of any other income received, such as income from notices.

VAT

Expenditure is recognised net of recoverable Value Added Tax. Amounts due to, or from HM Revenue and Customs in respect of VAT are included in payable, or receivable within the statement of financial position.

3. ANALYSIS OF NET EXPENDITURE BY SEGMENT

Hallmarking is the Council's only segment of activity; as such financial results are as shown on the Statement of Comprehensive Net Expenditure.

4. STAFF NUMBERS AND RELATED COSTS

No staff were employed by the Council during 2019 (2018: Nil) (see Remuneration Report on page 15). Under HMA 1973 Schedule 4 paragraphs 20 and 21 the BHC may pay the Chair and Secretary such remuneration as they see fit. The Chair and Secretary are now paid via a payroll operated for the BHC but are not employees of the Council. No pension payments are made to either the Chair or Secretary.

5. INCOME

Income is analysed as follows:-

	2019 £	2018 £
Contributions from Assay Offices:-		
Birmingham	21,193	24,489
Edinburgh	19,044	23,717
London	27,359	31,458
Sheffield	19,114	21,579
Contributions from National Association of Jewellers:-		
Touchstone Award	1,000	-
Research Project	1,000	-
	88,710	101,243

6. OPERATING EXPENDITURE

	2019 £	2018 £
Chair's remuneration	19,303	19,572
Chair's expenses	4,957	3,233
Council members' expenses	4,752	3,690
Less: re-charged to assay offices for Applications Committee expenses	-	(792)
Audit fee	3,700	3,550
Legal and Secretarial costs and expenses	43,388	56,320
Other professional charges	7,047	13,250
Other expenses	5,571	2,427
	88,718	101,250

Shakespeare Martineau LLP have provided legal, secretarial and accounting services to the Council since its formation on terms agreed from time to time. During the year, Shakespeare Martineau LLP were engaged to provide book-keeping services for £3,850 (2018: £3,850), and to provide accounts preparation services for £2,150 (2018: £2,150). During 2019 a Secretariat was in operation, with Susan Green providing secretarial services as an external contractor.

Save for the Chair's remuneration, and an allowance of £75 per hour paid to the members of the sub-Offices' Applications Committee, no payments are made to Council members in respect of their time, although they are reimbursed for their travelling expenses.

7. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2019 £	2018 £
Amounts falling due within one year:		
Trade Receivables	6,753	4,055
Prepayments	693	690
	7,446	4,745

8. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Balance at 1 January	14,613	14,379
Net change in cash and cash equivalent balances	6,491	234
	<hr/>	<hr/>
Balance at 31 December	21,104	14,613
The following balances at 31 December were held at Lloyds Bank Plc	<hr/>	<hr/>
	21,104	14,613

9. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2019 £	2018 £
Trade payables amounts falling due within one year:		
Trade payables and Deferred Income	20,145	12,975
Other payables	4,744	5,600
VAT, other taxation and social security	3,661	783
	<hr/>	<hr/>
	28,550	19,358

Of the £20,145 trade payables and deferred income, the amount due to be credited back to the Assay Offices is £18,241 (2018: £11,271).

10. RELATED-PARTY TRANSACTIONS

The Council recharges expenditure in-year to the four assay offices. The total recharge income due from each assay office is based on the office's share of total assay office turnover multiplied by expenditure (less interest income), the amounts of these transactions are disclosed in note 5.

11. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10 "Events after the reporting period", post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General. As part of the BHC's control framework the Assay Offices are required annually to issue viability statements indicating their ability to provide hallmarking services for the next 12 months, and by implication, to generate income to apply to the Council's costs (page 15). Since the year end the BHC has, like the rest of the country, had to deal with the emergence of the Covid-19 pandemic. During March and April there were temporary closures in place in all Assay Offices. At the time of signature all Assay Offices have reopened and are operating in line with government advice. Temporary closure and the impact of the pandemic on the industry may affect the ability of the Assay Offices to meet Council costs but it is anticipated that in such a situation the BHC's work would be likely to be temporarily reduced.

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