

# British Hallmarking Council meeting 2 April 2020, 11.00 am

## By zoom telecon

## Minutes of meeting

### 1. Welcomes and attendance

Noel Hunter introduced the telecon and thanked everyone for joining. He explained that although the telecon was an opportunity for communication, questions and discussion, actual matters for decision would be followed up by a process for email resolutions, as set out in the emails prior to the meeting. The telecon was not a formal BHC meeting as set out in the Standing Orders.

#### Attendance:

##### Present:

Noel Hunter (Chair)  
Carol Brady  
Neil Carson  
Malcolm Craig  
Ken Daly  
Louise Durose  
Patrick Fuller  
Joanna Hardy  
Harriet Kelsall  
Tom Murray  
Gay Penfold  
Isobel Pollock-Hulf  
David Reddaway  
Chris Sellors  
Matthew Sibley  
Vanessa Sharp  
John Stirling  
Charles Turner  
Gary Wroe

##### In attendance:

Doug Henry  
Scott Walter  
Robert Organ  
Ashley Carson  
Richard Sanders, BEIS  
Rachel Bealey BEIS  
Sue Green, Secretary

##### Apologies for absence:

Neil Carson

### 2. Council membership

*A copy of the wording on Council members from the BHC website had been included in the papers for the telecon.*

- New Council members

Three new members were appointed with effect from 1 January 2020:

- Joanna Hardy
- Gay Penfold
- Chris Sellors

Joanna, Gay and Chris introduced themselves.

- Re-appointment of Chair

Noel Hunter noted that, following the decision at the October Council meeting, he was now starting his second term as Chair, having been appointed for a further 3 years from April.

### **3. Declarations of interests**

There were no declarations of interests in relation to the items on today's agenda.

It was noted that all Council members had completed up to date Declarations of Interests.

### **Part 1: Urgent Items for decision**

*Papers had been circulated in advance for these items. Comment in advance had been requested. Following discussion on the telecon, a formal process for resolution by email would be undertaken for items requiring a formal decision.*

### **4. Annual Report & Accounts to 31.12.19**

- Annual Report & Accounts for approval
- Governance statement (see AR&ACs wording): requirements for Accounting Officer declarations (for noting)
- NAO audit completion report
- NAO Letter of Representation
- NAO fees
- Viability reports from Assay Offices
- Updates on viability from Assay Offices

*The following had been circulated in the papers for the telecon: Draft Annual Report & Accounts; Note re requirements for Governance statement; NAO audit completion report including Letter of Representation; Correspondence re NAO fees; Set of viability reports.*

Noel Hunter introduced this item. There were two major issues to discuss here:

- the usual AR&ACs and the draft wording provided in the main documents
- the issue of whether the BHC is a Going Concern in the circumstances of the pandemic.

#### Annual Report & Accounts:

Sue Green took the meeting through this item.

The draft document is complete apart from updating wording as a consequence of the pandemic.

Meanwhile the Council needs to consider the wording of the AR&ACs, and related documentation, particularly the audit report from the National Audit Office.

Noel Hunter as Accounting Officer signs the AR&ACs on behalf of the BHC. He has to be satisfied that they present a true and fair view of the Council's affairs to the year end 31 Dec but also there is an obligation to include any updated developments.

Looking first at the position to 31 December: the full document including the report and the accounts was included in Set 1 of the papers for the telecon. The document was in the same format as previous years. The opening section, wording from Noel as Chair, sets out the position of the BHC and hallmarking during 2019, and the challenges. The section on risks, which also appears later in the document, reflects the Council's risk register which was on the agenda at the October 2019 Council meeting. The Performance Summary, and the more detailed Performance Analysis, describe the Council's performance against its objectives, and an overview of its work. The Accountability Report is signed by Noel as Accounting Officer and describes the governance of the Council, the responsibilities of the Accounting Officer, more detail on the risk register and risks faced by the Council and the control framework for that; effectiveness; remuneration; regularity of expenditure. On p16 item (d) Going Concern would be discussed separately.

Following sections of the document covered the Council members, hallmarking charges, numbers of items hallmarked. The wording for the Certificate of the Auditor General is provided by the NAO. There are three pages of comprehensive net expenditure, financial position and cash flows. The final section is Notes, and updates to the wording would be needed for Note 1 (Preparation of Accounts) and Note 11 (Events after the Reporting Period).

Prior to the meeting a note had been circulated setting out updated wording for p16 Accountability report section (d) Going Concern, p28 Note 1 Preparation of Accounts and p30 Note 11 Events after the Reporting Period. These would be discussed after going through the documentation.

#### Government requirements for wording

As in previous years, there have been rulings issued about what is required to be included in the AR&ACs. This year there was a requirement about specific items to be covered in the Governance Statement, which we have complied with.

#### Audit completion report

The NAO's audit completion report was included in the papers circulated in advance of the meeting. This is a report for the Council to review to ensure they are happy with the BHC's management of its money and its financial processes.

Key points to note here were:

Page 2: Council members are invited to:

- Review the findings in the report including the draft Letter of Representation (appendix 1) and the audit certificate (appendix 2)
- Consider the adequacy of the Going Concern disclosures and whether this is a fair assessment
- Note that Parliament is in recess. Certification by the Auditor General has to wait until they are back and with the Covid-19 pandemic there is some uncertainty about whether that will be 21 April or a later date. There are ongoing obligations of disclosure if things change between now and when the accounts are laid before Parliament.

Page 6: the NAO reviewed the transactions in the year and found nothing inappropriate. They reviewed unusual transactions (renewal of Palladium trademark and money from the NAJ for Touchstone etc) and the supporting evidence for them. They corrected the accounting treatment for those.

Page 8: comments on the wording of the AR&ACs which have been incorporated; the NAO are content with the accounting policies; they found no irregularity or impropriety; internal controls appeared to be working effectively.

Letter of Representation: as in previous years, this is a confirmation document to be signed by Noel.

### Questions and comments

There was a suggestion that on p3 of the AR&ACs it could be helpful to add reference to consumer detriment and the financial detriment to business revealed by the research that was undertaken by WRi.

### Post year end events and Going Concern question

Sue Green commented that in the light of the Covid-19 pandemic, we are required to make a statement of the up to date position of the BHC and also confirm that the BHC will be a going concern for the next 12 months. Draft wording had been circulated prior to the meeting.

Noel Hunter said that given that the Assay Offices are temporarily closed as a result of Covid-19 this has implications for the statement that the BHC is a Going Concern. Sheffield Assay Office commented that they were about to reopen for service; Edinburgh Assay Office commented that they were financially able to support the BHC for the next 12 months; BAO said that they expected to be a going concern for the next 12 months; LAO said that although they could not reopen at the moment due to safety concerns for staff, they were confident about reopening and supporting the BHC.

Noel Hunter said that the BHC's costs for the coming year would be contained as far as possible. A revised budget was being produced along with cashflows, and it was anticipated that the budget could be reduced by up to 20% given that it was likely that BHC work would be reduced during the pandemic. The BHC felt that it had sufficient reassurance from the Assay Offices to enable it to report that it is a going concern.

### NAO fees

Noel Hunter commented that, as discussed at the last meeting, the BHC had queried the NAO's fees once again. Correspondence was included in the meeting papers. He did not recommend pursuing this issue at this time.

There was a question whether it is mandatory to have the audit done by the NAO and Noel Hunter confirmed that it is.

### **Actions**

P3 consider adding wording regarding consumer detriment and financial detriment  
Add wording to update the AR&ACs per the note on wording circulated prior to the meeting  
Formal decision process by email.

### **FOR DECISION**

Noel Hunter said that following this telecon a note of what has been said and a resolution for approval would be circulated, with a timescale for response. A simple majority would be needed.

The email resolution would cover the AR&ACs document as drafted and the statements regarding Going Concern and the pandemic.

## **5. Corporate Statement 2020**

*The draft Corporate Statement 2020 had been circulated prior to the telecon.*

Sue Green reported that each year the BHC and BEIS produce a joint Corporate Statement which sets out what the BHC has achieved in the previous year, and its plans for the current year.

It is in substantially the same format each year, and it gets published on gov.uk.

The draft document was circulated in the meeting papers. At this moment there was a question about what we say about the Business Plan objectives and how they will be affected by the pandemic. But subject to that, this is a document in the usual terms for approval.

There was a comment that it would be prudent to revise the document with amended Business Plan objectives for 2020 given the pandemic. Richard Sanders of BEIS confirmed that it would be acceptable to update the document to reflect the current climate.

### **Action**

Revise 2020 Objectives in Business Plan and in draft Corporate Statement.  
Once new draft is agreed with BEIS, circulate for approval

## **FOR DECISION**

Following this meeting the Corporate Statement would be revised to reflect the current pandemic situation and a resolution confirming approval of the document would be circulated by email for approval.

## **6. Component Marking Guidance Note**

*The draft Guidance Note on Component Marking had been circulated prior to the telecon.*

Noel Hunter commented that this was an item from the Technical Committee.

They had produced draft Guidance for the BHC to issue regarding marking partially constructed items.

In order for this to be published by the BHC and go on gov.uk, it needed to be approved by the Council.

There were a number of comments on this item but the telecon format did not enable there to be a full discussion and decision.

### **Action**

The Chair referred the item back to the Technical Committee for discussion with the trade before finalising the note.

## **Part 2: Other ongoing business**

*Papers had been circulated for this section of the meeting and comment in advance requested. Items were reported on and discussed.*

### **7. Chair's report**

*The Chair's report had been circulated prior to the meeting.*

There were no comments on the report. Items contained in the report were picked up in subsequent agenda items.

### **8. Pandemic planning**

*The BHC's Pandemic Plan, current version, had been circulated prior to the meeting.*

Noel Hunter commented that the Covid-19 pandemic had had an unprecedented effect on the world and on the industry.

Sue Green introduced the BHC's Pandemic Plan. It was a short document, based on the required format issued by the DWP and submitted at the start of the pandemic. It was being updated regularly in an effort to keep up with rapidly developing events. All the Assay Offices are currently closed temporarily and it was confirmed that all Sub-Offices were closed likewise. There has to be a focus on the statutory responsibilities of the BHC under the Hallmarking Act. In addition, the obligations such as the production, signing and laying of the AR&ACs continue. There are contingency plans in place for day to day functions of the BHC.

There followed discussion about the current situation. There had been email correspondence before the telecon regarding what can be done about items to be sold that could not currently be hallmarked. A further draft press release had been circulated at the request of LAO as an attempt to provide more communication with the industry and show support to the industry by trying to provide helpful information. This made it clear that product can be sold but must not be described as precious metal if it doesn't have a hallmark.

Sheffield and Edinburgh Assay Offices commented that they had plans to reopen shortly, providing restricted levels of service, eg accepting submissions by post rather than over the counter.

It was agreed that the press release should be put on hold pending separate discussions regarding what services might reopen.

Richard Sanders of BEIS commented that it was unrealistic to obtain government support for the draft statement in the short term as hallmarking is not a priority sector. Any statement needed to be in the name of the BHC only.

Under AOB David Reddaway commented that if situations change with Assay Offices closures due to the pandemic, this information needs to be shared between the Assay Offices. Harriet Kelsall commented that the trade also needs to be kept up to date.

### **Action**

Discussions between the Chair and Assay Masters to be held regarding what services were likely to be reopened in the near future; a decision regarding a further press release to be made following those discussions.

## 9. BEIS update

*A report from BEIS had been circulated prior to the telecon.*

- Update report
- Transition and future trade with Europe – any actions needed

Richard Sanders reported that new Ministers were in place and the relevant Minister for the BHC was Paul Scully. A new Regulatory Horizon Council has been established and this will look at how to remove barriers to innovation. Hallmarking is a very long-established regime and the work of the new Council would be relevant in looking at how to accommodate new ways of working.

The end date for the Transition Period was still set at 31 December 2020. Mutual recognition of equivalent EU marks will be removed from the Hallmarking Act at that point.

## 10. Enforcement strategy update:

*Project Terms of Reference had been circulated prior to the meeting, attached to the Chair's report*

- Goldsmiths' potential project
- Promoting hallmarking to consumers / Buyer's Certificate

Noel Hunter reported that Terms of Reference for a project to Protect and Promote Hallmarking had been agreed. At this stage an initial scoping exercise was under way, with Marion Wilson (formerly of BAO) working on this initial stage. It was hoped that this would then move towards a larger, long term project.

## 11. Education & Enforcement Committee

*E&E Committee report including Touchstone 2020 and Amazon had been circulated in advance.*

- Touchstone 2020

Ken Daly updated the meeting on the postponement of Touchstone to 2021

- E&E report

Ken Daly introduced his report, noting that the question of entering into Data Sharing Agreements for intel was to be reviewed with legal advisers.

- WRi follow ups

There had been follow ups to the WRi research into online sales of precious metal items: contact had been made with the Police's Intellectual Crime Unit and a meeting would be taken forward after the pandemic restrictions are lifted.

Ken Daly and Scott Walter had had a meeting with Amazon to discuss non-compliant products being sold on Amazon. Follow ups from this meeting were planned.

eBay would also be chased again, and an approach to Not On The High Street was planned.

## 12. Technical consistency

*Technical Committee minutes and Working Group minutes had been circulated.*

- Technical Committee and Working Group minutes
- Protocol for the use of XRF testing
- Shared wiki of hallmarking decisions
- Update of Hallmarking Guidance Notes
- Date letter mark, request to apply as standard

Robert Organ reported on the issues under discussion. Component marking had been discussed earlier in the meeting; a methodology for XRF testing had been produced and circulated; pass/fail criteria were under review; new decisions were being logged in the Wiki system. Marks for the Queen's Platinum Jubilee would require approval from the Lord Chamberlain's Office. The Technical Committee had made a decision not to change its stance on the Date Letter Mark.

**Action:** process for approval of marks for the Queen's Platinum Jubilee

- Queen's Assay Master reports under Hallmarking Act Schedule 5

*QAM reports under HMA Sched 5 had been circulated*

Noel Hunter reported that the QAM reports were now being shared with the Council in line with the request for these to be shared and the subsequent agreement to do this.

The set of reports circulated with the papers was the edited version containing only those matters on which the QAM reports under the Hallmarking Act Schedule 5 para 3. A question was raised as to whether these went beyond what was set out in Schedule 5.

## 13. Operational integrity

*The Applications Committee report, Allied Gold report and set of sub-office reports had been circulated.*

- QAM comments
- Applications Committee report
- Allied Gold, approval of change to sub-office
- Revalidation of sub-offices, new system
- Sub-office reports from Assay Offices

Noel Hunter introduced this item. The new processes in the Applications Committee Standing Orders were being implemented with the aim of efficiency, and a light touch where appropriate, but also ensuring that the appropriate responsibilities were being discharged.

Isobel Pollock-Hulf reported that there had been discussions with the Queen's Assay Master and Applications Committee meetings. The schedule of visits to sub-offices had been due to start today but had been postponed due to the pandemic.

The change to the Allied Gold sub-office had been approved by the Applications Committee within its powers and the Council noted this.



#### **14. Business plan and budget 2020**

- Business plan 2020, draft discussed at Council meeting 3.10.19 (*progress update*)

*Business plan 2020, annotated with progress and Budget 2020 had been circulated*

Noel Hunter introduced this item. The 2020 draft business plan was presented to the October Council meeting and implementation work was in hand. In the papers there was a version which is annotated with progress to March.

It was noted that the pandemic would have an effect on the work set out for the rest of the year and the BHC would need to tailor its approach accordingly. The Business Plan objectives for the rest of 2020 would be amended in line with pandemic operating conditions.

**Action** Amendment of Business Plan 2020 in line with pandemic operating conditions

- Budget 2020, draft discussed at Council meeting 3.10.19

This item had been mentioned in the item on the AR&ACs. When the draft budget was put forward in October this was in a very different world. Discussions over the last few days have led to a proposal for a reduced budget which will be circulated once finalised.

**Action** Updated Budget to be finalised and circulated

#### **15. Governance**

Noel Hunter reported that he would be having discussions with new Council members regarding Committees and Working Groups they would be asked to join.

*Contents list for shared Dropbox folder had been circulated: for information*

#### **16. Remuneration Committee**

*Remuneration Committee report; Minutes of RemCo meeting 22.11.19; Roles of Chair and Secretary; Draft Standing Orders for RemCo had been circulated*

These documents were tabled for comment at this telecon. Patrick Fuller commented that the work of the Remuneration Committee had given them an awareness of the amount of work undertaken by the Chair and Secretary and there were proposals to increase their remuneration.

Noel Hunter commented that he and the Secretary appreciated the recognition but that in light of the current operating conditions would delay taking the award. David Reddaway commented that the increases were well deserved but he registered appreciation of the decision not to take them up at this stage.

#### **17. JAOC**

*JAOC minutes had been circulated*

- Minutes of meeting 11.2.20

The minutes of the JAOC meeting on 11 February 2020 were noted.

## **18. Assay Office reports on activity**

*Reports had been circulated*

Assay Masters reported verbally in addition to their reports. There was little to add but it was noted also that there appeared to be little enforcement work going on at the moment.

## **19. Convention report**

Scott Walter reported that the last meeting of the Convention had been cancelled due to restrictions on travelling during the pandemic. He reported that Serbia have ratified the Convention and will become fully fledged members.

## **20. AOB**

There was further comment on Assay Office closures and reopening of services, noted under item 8.

## **21. Minutes of meeting and matters arising from meeting 3.10.19 not dealt with above**

*Minutes of Council meeting 3.10.19 had been circulated*

There were no comments on the minutes, and no matters arising not dealt with under today's agenda.

## **22. Date and venue of next meetings**

Potential meeting July / August 2020:

As had been mentioned in the recent email circulation, it was hoped to hold a meeting during the summer but this may not be possible because of pandemic conditions. If that meeting does not go ahead there will be email proposals to change the Council's Standing Orders to allow for it not to meet face to face in extreme circumstances such as the pandemic.

Edinburgh Thursday 8 October 2020:

This was to be kept under review and a decision made nearer the time depending on the progression of the pandemic. It was likely that, given the higher overall travel costs of travelling to Edinburgh, a different venue would be proposed. The Chair asked everyone to keep the date in their diaries in any event.

### **For Council following the meeting:**

The Chair thanked everyone for their contributions and for their discipline on the telecon.

A note of the meeting would be circulated.

A process for email resolutions would be undertaken, requesting responses within 7 days for a majority resolution.

## Actions from the meeting

Item	Action	Who
4	AR&ACs consider adding additional wording on p3 regarding consumer detriment and financial detriment to business following the WRi research	Chair Secretary
	AR&ACs add wording for: <ul style="list-style-type: none"> <li>• p16 Accountability Report section d Going Concern</li> <li>• p28 Note 1 Preparation of Accounts</li> <li>• p30 Note 11 Events after Reporting Period</li> </ul>	Secretary
	Decision process: Updated draft document to be circulated for approval together with note of discussion at 2 April telecon	Chair Secretary
5	Corporate Statement Revise 2020 Objectives in Business Plan and in draft Corporate Statement. Once new draft is agreed with BEIS, circulate for approval	Secretary Chair
6	Component Marking draft Guidance Note Technical Committee to review with the trade before the Note is finalised	Technical Committee
8	Pandemic planning Discussions regarding what services were likely to be reopened in the near future; decision regarding press release to follow those discussions.	Assay Masters Chair Secretary
12	The Queen's Platinum Jubilee: process for approval of marks	TBC
14	Amendment of Business Plan 2020 in line with pandemic operating conditions	Secretary with Chair
	Updated Budget to be finalised and circulated	Secretary with Chair
	Resolutions: a process for email resolutions to be undertaken, requesting responses within 7 days for a majority resolution.	Secretary with Chair