

**Council of the Competition Commission**

**Minutes of the 80<sup>th</sup> meeting held in Hearing Room 5  
Monday 7 September 2009**

Present:

Council members

Peter Freeman (Chairman)  
Grey Denham  
Peter Davis  
Diana Guy  
Patricia Hodgson  
David Saunders  
Lesley Watkins

In attendance

Rebecca Lawrence  
Rachel Merelie  
Clare Potter  
Anthony Pygram  
Estelle Harvey (minute taker)

Apologies

Christopher Clarke

**1. Introductions (Item 1)**

1.1. Peter Freeman welcomed the new Non-Executive Council members, Grey Denham and Lesley Watkins.

**2. Minutes from meeting on 22 June 2009 (Item 2)**

2.1. The minutes from the last meeting were approved with minor amendments.

**3. Follow-up of minutes from meeting on 22 June 2009**

- 3.1. Peter Freeman and David Saunders had met the CBI competition panel in July and expressed the view that any cut-off figure for the de minimis threshold would have to take into account the turnover of both parties who were involved in the merger.
- 3.2. A paper detailing the CC's contributions to international competition events was being prepared and would be put before Council before the end of the year.
- 3.3. David Saunders stated that the governance review paper requested by Council would be put on the Council agenda before the end of the year.
- 3.4. The expenses paper had been reviewed to ensure that all costs were recorded under the correct category headings. Internal audit were due to undertake a final check before the figures were placed on the Commission's website.

#### **4. Chairman's Report (Item 3)**

The Chairman reported on recent events.

- 4.1. The CC was operating in an increasingly uncertain environment with the threat of decreasing public expenditure likely to result in the Commission having to undertake more cases in an increasingly lean manner. With several major legal challenges to its decisions, the Commission's methods and judgements had been placed under scrutiny. However the Chairman was confident that the CC's overall approach would be vindicated.
- 4.2. He had recently attended the 10<sup>th</sup> anniversary event of the South African competition authorities. The SA authorities had an impressive track record of cases and inquiries covering the whole range of the economy. The CC had supported these efforts. The CC's own work was widely respected in South Africa.
- 4.3. In the USA, the new agency heads were beginning to assert themselves. The DoJ had cleared the Sun Microsystems merger. The appointment of a new EU Commissioner and personnel changes at DG Comp were imminent.
- 4.4. The next Board/Council meeting with the OFT would be held on 8 October and the priority would be to ensure that the competition system continued to operate at the optimum level, despite the political uncertainty.

#### **5. Chief Executive's Report (Item 4)**

The Chief Executive presented his written report to Council.

- 5.1. Present casework was keeping the CC reasonably busy and there was the prospect of a market reference before the end of the year, along with some regulatory work. The CC would have to continue to manage its unpredictable workload to the best of its ability.
- 5.2. Finances had been managed carefully and both fixed and variable costs were presently under budget. Cost savings would continue to be focused on throughout the upcoming period, but as the need to hire external expertise was largely driven by case load, it was hard to predict what would be needed. Progress on the staff pay arrangements was noted.
- 5.3. Council suggested that Finance should review how the figures were presented in order to avoid confusion. It also believed a more detailed breakdown of staffing costs by professional grouping would be beneficial.

#### **6. Options paper on how to cut costs to meet 2010/11 budget (Item 5)**

- 6.1. David Saunders presented a paper which highlighted that the main difficulties with managing resources were that the volume and complexity of the references were not within the Commission's control, and there was limited flexibility due to the need to adhere to statutory timeframes. The ability to make savings had been based on realistic assumptions of the work load that the Commission would have to undertake and also the need to maintain good support services, both to the CC and to the other tenants in Victoria House.

- 6.2. The savings suggested should allow work to continue to be carried out to a high standard, but if the CC received additional referrals that had not been forecast it would be overstretched and significant risks would be caused to the standard of work produced. Therefore, depending on how workload developed, it may be necessary to review the CC's budget with the Department.
- 6.3. In addition to proposals for cutting staff and non-staff costs, which would all need to be managed through a careful process of consultation, reduced spending could also be achieved through the letting of further floor space (although the market for commercial property was not strong at present). Plans had been drawn up to show how the space could be reallocated.
- 6.4. There was discussion of the plan to recruit one new Deputy Chairman to start as soon as possible. This was to ensure continuity of casework beyond 2010. A further appointment would be required in due course.
- 6.5. Council agreed the paper and was content for the Chief Executive to proceed as outlined, with due regard being taken to the sensitivities inherent in the process.

## **7. Council risk register (Item 6)**

- 7.1. Council approved the risk register presented, subject to the second point's importance being reviewed. It was decided that the register would be re-evaluated every other meeting and that Audit Committee would go through each of the risks in detail.

## **8. Travel and subsistence policy (Item 7)**

- 8.1. Since the policy had last been discussed by Council, a group drawn from the staff team had considered it and suggested some amendments to tighten it up. Council members, Members and staff would now all be subject to the same terms. Council agreed the policy and it was decided that it would be sent to all Members with a letter highlighting and explaining the changes.

## **9. Communications strategy next steps (Item 8)**

- 9.1. David Saunders presented a paper. He explained that an effective and well structured approach was needed. Council agreed with the importance of having a coherent strategy and asked for a more detailed proposal. The External Communications Group should be consulted and the policy and press teams should manage the process.

## **10. Council away day (Item 9)**

- 10.1. Following the effectiveness of the strategy day with the OFT last year, it was suggested that a day be set aside in December to consider the CC's position in the current economic and political climate and also to examine what the CC should be producing as its contribution to competition policy.

## **11. Any other business**

- 11.1. There was no other business.