

Council of the Competition Commission

**Minutes of the 90th meeting held in Hearing Room 5
Monday 24 January 2011**

Present:

Council Members

Peter Freeman CBE, QC (Chairman)
Laura Carstensen
Peter Davis
Grey Denham
Dame Patricia Hodgson
David Saunders
Lesley Watkins
Roger Witcomb

In attendance

Carole Begent (for item 8)
Roland Green
Rebecca Lawrence
Rachel Merelie
Gail Scott
Caroline Wallace

1. Minutes from the meeting on 6 December 2010 (Item 1)

1.1. The minutes from the last meeting were approved.

2. Chairman's Report (Item 2)

2.1. The Chairman welcomed Roger Witcomb to his first Council meeting as Deputy Chairman.

2.2. The Chairman provided an oral report on recent events.

2.3. Institutional reform would be discussed as a separate item. There had been a number of external events amongst the competition community to debate the merits of possible change to the competition framework. Discussions had been constructive and these contributions would assist BIS officials preparing the consultation document, which was now expected to be ready for publication in March 2011.

2.4. A visit to the CC by Edward Davey, the Minister for competition at BIS, had been arranged for 24 March 2011. Amongst other things he would discuss the review of the competition regime with staff at a Chief Executive's seminar.

2.5. Responsibility for competition and other policy issues relating to media, broadcasting, digital and telecoms sectors had recently been moved from BIS to the Department for Culture, Media and Sport (DCMS).

2.6. There had been two recent security breaches, which had now been resolved but could have damaged the CC's reputation if they had not been successfully resolved.

It was agreed that more would be done to ensure that all staff and members were aware of the security procedures and reminded to follow them.

- 2.7. Dame Patricia Hodgson asked Council to note that BIS was progressing with the recruitment of the next Chairman, and an announcement about the recruitment process would be made soon.

3. Chief Executive's Report (Item 3)

- 3.1. The Chief Executive presented his written report to the Council.
- 3.2. Senior staff had been particularly busy contributing to the institutional reform consultation document. A final draft was expected to be ready for comment by the end of the week.
- 3.3. The budget for 2011/12 had been confirmed by BIS, the CC would be expected to live with a 3% cut next year.
- 3.4. Inquiry workload had been relatively low, however, the OFT would be making decisions on several mergers in the next few weeks, some of which looked likely to be referred.
- 3.5. The CC was still waiting for the outcome of the BAA appeal to the Supreme Court; it was now expected sometime in February 2011.

4. Review of Council risk register (Item 4)

- 4.1. The updated Council Risk Register was presented for discussion. A new risk had been added to highlight possible concerns about staff morale in light of the institutional reform debates.
- 4.2. The risk relating to security breaches would be updated to reflect the importance of complying with the security procedures.

5. CC Budget for 2011-12 (Item 5)

- 5.1. Council was presented with detailed information about the CC's budget for 2011/12. The Head of Finance would work with budget holders to ensure that the CC would be able to meet the 3% savings expected next year. The new budget would be tight but the target should be achievable.
- 5.2. The biggest risk to achieving next year's budget would be an increase to the number of referrals or an increase in more complex cases.
- 5.3. The budget would now be separated into programme and administration costs. This allocation of funds would mean that if office space at Victoria House was not rented out it would impact on the frontline budget. This separation of costs was a government wide allocation and could not be adjusted.
- 5.4. The CC had managed to decrease its building costs significantly in the last couple of years, by renting out more of its office space and through staff relocation. The CC was now within the government's recommended space allocation.

- 5.5. Council asked for more information about the assumptions for the cost of pensions of Council members going forward.

Institutional Reform (Item 6)

- 6.1. The draft consultation document was capturing a wide number of possible options for reform, including those advocated by the CC.
- 6.2. There were still some areas that the CC thought needed further discussion as it was not thought they had been well evidenced.
- 6.3. The Chairman expressed his thanks for the all the hard work, particularly by senior staff, on the consultation process.

7. CC Business Plan 2011-12 (Item 7)

- 7.1. Council was presented with a draft Business Plan for 2011/12. The document followed a similar structure to last year and Council was asked to comment on its content and suggest any necessary changes.
- 7.2. Council was broadly content with the content of the document but gave several recommendations for change to the structure, including key points that should be highlighted.
- 7.3. Changes would be made to the draft plan and circulated to Council in February 2011.

8. International Work (Item 8)

- 8.1. A new Chief Economist would be appointed at the European Commission Directorate General for Competition.
- 8.2. There had been less international activity over the Christmas period, which was not unusual, but going forward there would be an increase in activity with the OECD and ICN conferences.
- 8.3. Council noted the paper.

9. Stakeholder Engagement (Item 9)

- 9.1. Council was presented with a paper to summarise the contact CC have had at senior level with stakeholders in the last quarter.
- 9.2. It was agreed that there would need to be more contact with DCMS officials given their new responsibilities.
- 9.3. It was important to keep track of the various events dealing with institutional reform, especially those where the CC would be contributing.
- 9.4. The CC was planning to hold an event on 15 March 2011, after the institutional reform consultation had been published, to contribute to the debate on proposals for reform.

9.5. It was agreed that the CC would need to have its media strategy in advance of the publication of the consultation document in March. The CC would also be making a formal response to the consultation document in due course and should prepare a press release highlighting its response.

10. Guidance for Members on Conflicts of Interest (Item 10)

10.1. Council was presented with new guidance for members on conflicts of interest. The guidance had been developed following recommendations from Brian Woods-Scawen's review of the CC's conflict policy. Once the new guidance was finalised it would be published on the website and would supersede the current guidance on conflicts of interest.

10.2. Council suggested a number of drafting changes. Roland Green agreed to amend the document and circulate to Council for further review.

11. Any other business

11.1. David Saunders had been invited by BIS to join a governance review group. He had accepted this appointment.