

Council of the Competition Commission

**Minutes of the 85th meeting held in Hearing Room 5
Monday 17 May 2010**

Present:

Council Members

Peter Freeman QC (Chairman)
Laura Carstensen
Christopher Clarke
Peter Davis
Grey Denham
Diana Guy
Dame Patricia Hodgson
David Saunders
Lesley Watkins

In attendance

Carole Begent*
Rebecca Lawrence
Chloe MacEwen
Rachel Merelie

*part of the meeting

1. Minutes from meeting on 15 March 2010 (Item 1)

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

2. Chairman's Report (Item 2)

2.1. The Chairman reported on recent events. Vince Cable MP had taken office as the new Secretary of State for Business Innovation and Skills and is supported by Mark Prisk MP and John Penrose MP. John Penrose is the new Minister for Culture, Communications and Creative Industries and will share joint ministerial responsibility with the Department for Business, Innovation and Skills.¹ The Chairman had requested meetings with the new Ministers.

2.2. The Chairman also expressed interest in meeting the new Treasury Ministers and said that the CC should continue to maintain good relations with the devolved administrations.

2.3. The final report of the ITV CRR remedy review was published on 14 May 2010 and was quite well received (other than by ITV) with balanced reports in the media.

¹ On 19 May 2010 additional ministerial appointments were announced following an earlier Parliamentary briefing on appointments on 17 May 2010. The Hon Ed Vaizey was announced as the new Parliamentary Under Secretary of State for the Department of Business Innovation and Skills with joint Ministerial responsibility for the DCOMS, rather than John Penrose.

3. Chief Executive's Report (Item 3)

- 3.1. The Chief Executive presented his written report to Council.
- 3.2. The CC was busy with regulatory appeals. There were no live merger cases in the pipeline, but further regulatory appeals were anticipated throughout the remainder of the financial year. The Local Bus Market inquiry remains on track.
- 3.3. The Chief Executive said that the Competition Appeal Tribunal's judgment in the Stagecoach Preston appeal was expected to be announced on 21 May 2010.
- 3.4. The outturn for the 2009-10 financial year had been within budget. There was a slight increase in spend in March due to payments for surveys, but overall there were no budgetary concerns. The 2010-11 budget had been managed well to date.
- 3.5. BIS was preparing a summary report for Ministers on a review of organisational efficiency. The outcomes for the CC appeared to be satisfactory.
- 3.6. The Chief Executive and the Director of Policy had met with Jonathan May and Sheldon Mills, the new Director of Mergers at the OFT, and Mike O'Connor, the new Chief Executive of Consumer Focus. The Chief Executive had also met with the Northern Ireland Utilities Regulator and Ofcom.
- 3.7. The Chief Executive had been invited to join a new BIS forum for delivery partner critical friends of BIS, alongside other BIS partners.
- 3.8. Council discussed the progress of the Conflicts Policy Review and the timescales for implementing any procedural changes. The final report was expected to be presented to the CC Council in September 2010.

4. Review of Council risk register (Item 4)

- 4.1. The Chief Executive drew Council's attention to the risk register and the changes made since the last Council review. A number of suggestions were made for further improvements.

5. Assessment of the CC Council's performance (Item 5)

- 5.1. Grey Denham commended Council for providing constructive feedback during the Governance review process which was still ongoing. The feedback reported was varied but reflective. The common theme arising from the feedback was a lack of clarity of the role of the Council but this was being addressed through work on terms of reference. The benefits of the Council's Strategy Day in December 2009 were appreciated.
- 5.2. The feedback from the review also revealed that Council welcomed the support provided by CC staff and commended their work as excellent. Some requirements for additional support were identified and clarity on terms of reference for some meetings and groups was also requested. There was also more that could be done to develop the Council as a team.
- 5.3. Council agreed that the assessment was encouraging and helpful. The next stage of the Governance review is to finalise the terms of reference for the CC's bodies and

groups. This was to be reported to Council with an explanation of the next steps required to implement the changes.

6. Review of CC 2010/11 Budget (Item 6)

- 6.1. The Director of Corporate Services updated Council on the CC's budget since the latest update in January 2010.
- 6.2. The CC had received a slightly higher level of budget for 2010/11 than had been expected. The budget, however, includes forecast income for letting the two quadrants of office space on the 6th floor at Victoria House and staffing levels in some business areas may need to increase later in the year.
- 6.3. Council commended the CC's adherence to the set budget as an example of efficient and effective working.

7. Review of the draft Annual Report 2009/10

- 7.1. The Chief Executive presented a draft of the Annual Report for 2009/10. The majority of the report was available for review with the exception of the annual accounts which were still being reviewed by the NAO .
- 7.2. The Chief Executive requested that Council review the report at a high level, but said that they would have the opportunity for an in-depth review in mid June ahead of the next Council meeting.
- 7.3. Council raised the importance of emphasising the inquiries early in the report. Council also suggested that there should be reference to on-going inquiries from April to the end of June 2010.

8. International work – report on the future programme (Item 8)

- 8.1. Carole Begent presented the CC's International Policy activities as a follow up to the item at the previous Council meeting. The report covered the CC's participation in international activities for the previous six weeks.
- 8.2. The International team discussed their participation in these events and explained some of the networking benefits gained from some of the smaller international events.
- 8.3. Council agreed that this level of interaction with other leading competition authorities provided opportunities to share best practice which could be utilised in our inquiries.

9. Audit Committee Annual Report (Item 9)

- 9.1. Lesley Watkins, Chair of the CC's Audit Committee, presented an Annual Report on the Audit Committee during 2009/10. The report highlighted changes in the accounting process and the achievements of the Audit Committee.
- 9.2. Council discussed the composition of the Audit Committee and suggested that an additional CC member be appointed to the Audit Committee.
- 9.3. Council agreed that the Audit Committee was functioning well.

- 9.4. Council agreed that for the future the formal minutes of all Audit and Remuneration Committee meetings should be circulated to Council for information.

10. Any other business

Joint CC/OFT Board meeting

- 10.1. The Chief Executive commented on the difficulties experienced in finding a date for the CC/OFT Board meeting. The greatest issue had been co-ordinating diaries for the non-Executive Directors. It was explained that the earliest meeting date would be in September 2010.
- 10.2. Council discussed other options for keeping in touch with the OFT's non-Executive Directors.

Victoria House accommodation options

- 10.3. The Director of Corporate Services presented the proposed options for shared accommodation with a potential tenant. This involved the sharing of some existing CC space on the second floor, as well as letting some of the sixth floor.
- 10.4. Council approved the proposal to enter into formal discussions with the proposed tenant and the commencement of consultations with CC staff on seating options and space utilisation options.