

Gas Appliances

I attach minutes from Mr. Lawson and Lady Young about the details of the safety arrangements which will need to be introduced when the BGC cease appliance retailing (you saw Mr. Lawson's minute last weekend in the context of this session's legislation but you may not then have taken note of the detailed proposals which are no longer relevant to the next session).

You will see that he and Lady Young are agreed that the regulatory machine should be a new statutory quango. Lady Young argues that this proposal meets the two main tests for quango proposals. The second of these is whether it could be done as well by the Department itself. She believes that the quango proposal passes this test because the Department would have to employ more staff, even though the Department would be more publicly accountable than any quango. It seems to me that either approach will create similar numbers of new public employees. Are you convinced that Civil Service manpower policy is so overriding as to justify creating a completely new quango? In practice, the legislative delay means that no final decision on this point need to be taken in a hurry. The manpower position may change, and BGC's own attitude may change. Should we ask that the question be left open for the time being?

15 October 1981

100
MAD
Steff? Please
ask for a breakdown and
we will then submit
it to management
consultants for analysis.
But perhaps that Regan's
dept. could look at it
first
NB.



MP

*Top copy
Potham, 168
Legislation*

FROM THE LEADER OF THE HOUSE
HOUSE OF LORDS

14 October 1981

Dear Francis,

I have seen your letter to Nigel Lawson of 9 October and also the earlier correspondence on the parliamentary handling of next session's legislation on gas and BNOC.

Despite the advantages of merging the legislation into a composite Bill, I entirely agree with you that if such a Bill is not ready until January, the chances of achieving Royal Assent by July are slim. Our experience this session clearly suggests that unless the Lords can receive a major Bill by the Whitsun recess, its final stages will have to be completed in a spillover period.

As you know, I should regard it as very difficult to persuade the Lords to return more than one week earlier than the Commons next October. The House has now sat for five complete weeks without the Commons in just over a year and to impose a third consecutive burden on them next session would be unprecedented, at least in recent years. I hope you will agree that this is a point which must be borne in mind in any discussions about the shape of the legislation programme for 1981-82.

I am sending copies of this letter to the recipients of yours of 9 October.

Yours ever

David

BARONESS YOUNG

The Rt Hon Francis Pym MC, MP
Lord President of the Council

copied to
Parliament, Legislation
PC8.

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Chancellor of the Duchy of Lancaster

PRIME MINISTER

MMC REPORT ON GAS APPLIANCES

Nigel Lawson sent me a copy of his minute to you of 6 October about gas legislation in the coming session.

I agree with him that primary legislation looks unavoidable if we are to honour the assurances which, quite rightly, have been given about the maintenance of safety standards. I also agree that there are two main options for new regulatory machinery: either a new statutory quango or for the Department of Energy to take on the work itself. The choice between these options is important for our policies on quangos and on manpower.

There are two main tests for quango proposals: whether the function concerned is essential and whether it could be done as well by the Department itself (or by some other existing body). In this case, there seems no doubt of the need for regulation. There is also no doubt that a department is accountable to Ministers and to Parliament to an extent that no quango ever can be. That is a positive argument in favour of the Department of Energy taking on this function.

On the other hand, the Department could not do the job unless it recruited over 100 staff with the necessary skills and I cannot ignore the implications for civil service manpower. The Department of Energy is already hard pressed to meet its target. There seems no chance of it doing so if it takes on over 100 staff for this new work.

Reluctantly, I have come to the conclusion that the balance of the argument lies with the option of creating a new quango, with a right of appeal to the Secretary of State by a firm which is refused a licence.

I am copying this to the recipients of Nigel Lawson's minute.

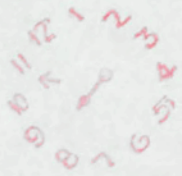
Janet Young

BARONESS YOUNG

14 October 1981

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15 OCT 1981



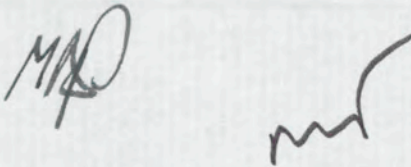
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PRIME MINISTER

When gas safety was under discussion in October, you queried the Department of Energy's assumption that over 100 new staff will be needed to regulate safety under arrangements to be introduced when BGC ceases appliance retailing.

I attach a note from the Department explaining the basis of this assumption. This covers arrangements either within the Department or through the proposed new quango.

As you will see from the covering letter, these matters are not yet ready for decision, and no action is necessary at present. Detailed proposals will be put round by Mr. Lawson in due course.

Handwritten initials 'MAD' and a signature.

30 December 1981



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

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BF 29/XII

M/A

Mike Pattison Esq
Private Secretary to
the Prime Minister
10 Downing Street
London SW1

23 December 1981

Dear Mike

You asked in your letter of ~~19~~ October for a note for the Prime Minister on the staffing requirements for a regulatory body for the licensing of gas installers. This is enclosed.

In dealing with gas showrooms, the Government is firmly committed to maintaining safety standards. Work on how to do so is still in the early stages and there is, as you say, no need for immediate decisions. Our present view is that a regulatory body on the lines described in the enclosed note will be needed to guarantee that the commitment is met. However, this has not yet been agreed collectively and my Secretary of State will be circulating detailed proposals in due course.

I am copying this letter to recipients of your letter.

Yours ever

David Lumley

DAVID LUMLEY
Private Secretary

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MANPOWER REQUIREMENTS FOR A BODY TO CARRY OUT MANDATORY LICENSING OF GAS INSTALLERS

1. The Government have made clear that no action on the MMC Report on Domestic Gas Appliances would be acceptable if safety standards were not maintained. After consultation with interested parties, the Department has concluded that, if this commitment is to be met, the present regulatory system covering the installation servicing and repair of gas appliances should be replaced with a statutory scheme to license companies (including the British Gas Corporation (BGC)) and their operatives. It would then be a criminal offence to carry out such work for reward unless licensed to do so.

The Existing System

2. In some respects the existing regulatory system provides a useful model for a licensing system but a number of aspects require improvement:

(a) in practice the regulatory system is heavily dependent upon self-regulation by the gas industry. BGC is the dominant influence here in respect of the training and standards required of both its own employees and of those private sector companies which wish to be members of the Confederation for the Registration of Gas Installers (CORGI), a voluntary register (with no statutory powers) which is staffed and financed by the Corporation. The Government's proposals for gas appliance retailing are expected to cause a significant shift in the domestic installation market away from BGC to the private sector. It would then be invidious if the reputable private sector were to continue to depend upon BGC to influence its safety standards, even assuming that BGC would continue to finance CORGI.

(b) CORGI is, in any case, limited in effect in a number of ways:

- (i) membership is voluntary;
- (ii) CORGI registers only companies and not individual installers;
- (iii) only about 70% of the reputable private sector feel it worthwhile to register and it has no influence on "cowboys" from whom greatest risk to the public arises;
- (iv) there is little public awareness of the existence and purpose of CORGI.

Necessary Changes

3. If gas safety standards are to be maintained, notwithstanding a large private sector share of the installation market, a system to control performance needs to be introduced which will put all companies and individual operations on an equal footing. Furthermore the present system tends to ensure only that remedial work will be carried out if an appliance has been discovered to be unsafe. If safety standards are to be maintained when BGC have a small share of the installation market there needs to be more emphasis on ^{prevention of} faulty workmanship. The existing Gas Safety Regulations (GSR) are limited in that they lay down that installation must be carried out by a "competent person" but do not define "competence"; neither do they cover servicing and repairs. It would be inadequate to try to improve this situation simply by broadening the GSR; formidable problems of enforcement would arise. A mandatory system of control is required. This should specify performance standards and training requirements and provide for the issue of licences, after inspection, to those companies and individuals whose work is satisfactory.

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A licence could be refused, or withdrawn, if standards were inadequate and it would then be a criminal offence to carry out installation etc. for reward; such a sanction would require statutory backing.

Organisation and Structure of Licensing Body

4. Notwithstanding CORGI's limitations, its present system of maintaining a register of installers whose performance meets the requirements of regular inspection, provides a useful model for the mandatory scheme proposed.

5. CORGI employs 60-70 people (32 inspectors and over 30 administrative and support staff). They are responsible for monitoring 7,000 members within 12 Regions (mirroring BGC's Regions). A mandatory body would face a more comprehensive range of tasks than CORGI:

- (a) administration of issue and withdrawal of licences;
- (b) vetting of applications and regular inspection of licensees' work;
- (c) maintenance of a register of licensed companies and individuals;
- (d) contribution towards setting and monitoring of training standards.

and would cover a population of about ten times the size. Given the fragmented character of the gas servicing industry in Great Britain, it is difficult to quantify the number of individuals who are likely to seek licences, but an estimate of 60,000-70,000 seems reasonable on the basis that:

- (a) BGC employ 15,000 service engineers;
- (b) 12,000 private businesses employ a maximum of 48,000;
- (c) an unquantified number (thought to be a few thousand) are employed as direct labour by local authorities, housing associations etc.

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6. The mandatory licensing body's staffing requirements would be split broadly into inspectorate and administration:

(a) Inspectors would carry out initial investigation into prospective licensees. After licensing it would be necessary to carry out annual inspections. CORGI suggest that one inspector could cover approximately 6 operatives per day. On the basis of 160-170 man days per year, 1 inspector would cover c.1000 operatives annually. 60-70 inspectors would therefore be required (plus a small number of senior inspectors with a supervisory role).

(b) Administration would be carried out from a Headquarters through Regional offices, These could reasonably be pared down from the present 12 to 4 or 6. Headquarters staff would be perhaps 10 (including basic secretarial and clerical support) with 6 in each Regional Office.

7. Overall the greatest volume of work load for the new body would be the data processing, storage and retrieval involved in handling initial applications for licences (and subsequent monitoring of performance) from 12,000 firms and 60-70,000 operatives. Such a task should be computerised. The alternative could be to employ 50-100 clerical and secretarial staff. Any increased capital costs arising from the use of computers should be more than offset by savings on staff in the longer term. In addition further opportunity to experience the use of computers in Government-related work would be welcome.

Conclusion

8. The attached Annex sets out a range of possible staffing requirements for a mandatory body. This draws heavily on the

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experience and advice of CORGI. It is not intended to be other than a rough assessment; work in greater detail remains to be done. If computers were made integral to the system, staff would number just over 100 but dependence on conventional clerical support could bring this up to 200.

Department of Energy

23 December 1981

MANPOWER REQUIREMENTS FOR STATUTORY BODY TO CARRY OUT MANDATORY LICENSING OF GAS INSTALLERS

Inspectorate 60 - 70

Administration

A. Headquarters 10

Director (1)

Secretary (1)

Accountant (1)

Legal Adviser (1)

Technical Officer (1)

+ Clerical and Secretarial (5)

B. Regions (4/6) 24 - 36

Director (1)

Senior Inspector (1)

Secretary/Finance Officer (1)

Technical Officer (1)

Secretarial and Clerical (2)

Key staff

94 - 116

+ Additional clerical and secretarial requirements (assuming little or no computer support) could be around 80 (distributed nationwide).

Mr PATTISON



BF with X when
it arrived W
2/6

GAS SAFETY

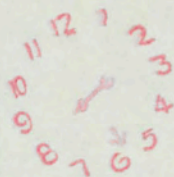
Thank you for your minute of yesterday. We shall be glad to advise if we can when you receive the analysis.

SP

C PRIESTLEY

20 October 1981

121 OCT 1981



COCK QUEEN

LONDON

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WS



BF 4 weeks please

10 DOWNING STREET

From the Private Secretary

19 October 1981

The Prime Minister has seen your Secretary of State's minute of 6 October, about future arrangements on gas safety. She has also seen the Chancellor of the Duchy of Lancaster's comments in her minute of 14 October.

Given the Government's decision not to seek legislation on these matters in the forthcoming Session, there seems to be no immediate need for a final decision on where to locate the necessary regulatory machinery. The Prime Minister is, however, disturbed to learn that over 100 staff are thought to be necessary. She would like to see a breakdown of requirements, together with a note of how these have been calculated.

I am sending copies of this letter to Jim Buckley (Chancellor of the Duchy of Lancaster's Office), Peter McCarthy (Mrs. Oppenheim's Office, Department of Trade), Richard Dykes (Department of Employment) and Jill Rutter (H.M. Treasury).

M. A. PATTISON

J. D. West, Esq.,
Department of Energy.

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10 DOWNING STREET

From the Private Secretary

MR. PRIESTLEY
CABINET OFFICE

I enclose copies of recent minutes about the arrangements for gas safety which will need to be introduced when the British Gas Corporation ceases appliance retailing.

BF | As indicated in my ~~letter~~ of today's date, the Prime Minister is not impressed with the assumption that over 100 new staff will be needed, whether at the Department of Energy or in a new quango. She has therefore asked for the breakdown requested in my minute. She has it in mind that this might usefully be submitted to management consultants for analysis, but she would be grateful for advice from your office when the breakdown is received.

M. A. PATTISON

19 October 1981

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