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1 copy letter

- 1 To press office
- 2 to Miss Rollinson, to get briefing for questions for 15th

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MP 10 December 1981
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D. Patrick

CONSUMER INTEREST IN THE NATIONALISED INDUSTRIES

In my letter of 2 December I promised to circulate copies of our consultative document on consumer representation in the nationalised industries as soon as possible. I now enclose a copy. *front of file*

We shall be publishing the document on 15 December, and I shall be holding a press conference at 11.00am. I propose to inform the House of publication by replying on that day to an arranged Parliamentary Question.

I shall arrange for similar question and answer in the House of Lords. Copies of the document will be made available in the Vote Office from 11.00am.

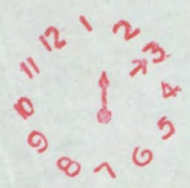
I am sending copies of this letter and its enclosure to those who received copies of my letter of 2 December.

*Yours truly
Sally*

SALLY OPPENHEIM



70 DEC 1981



NATIONALISED INDUSTRIES

Part 5 — Policy Towards the Nationalised Industries



DEPARTMENT OF TRADE

Consumers' Interests and the Nationalised Industries— A Consultative Document

NOT FOR PUBLICATION
BROADCAST OR USE ON C119 TAPES
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ON 15 DEC 1981

This Document is issued in advance on the strict understanding that no approach is made to any person or organisation about its contents before time of publication.

Department of Trade

LONDON
1981

DEPARTMENT OF TRADE

**Consumers' Interests and the
Nationalised Industries-
A Consultative Document**

Department of Trade

LONDON
1981

CONSUMERS' INTERESTS AND THE NATIONALISED INDUSTRIES—
A CONSULTATIVE DOCUMENT

FOREWORD BY THE MINISTER OF STATE FOR CONSUMER AFFAIRS,
DEPARTMENT OF TRADE

This paper is mainly about, and results from an extensive review of, the work of the nationalised industry consultative and consumer councils and committees – the NICCs. We have looked closely at their present role and at the whole range of options for re-shaping: from complete abolition to leaving them exactly as they are. I am quite clear not only that the protection afforded by the NICCs is still needed but also that they must be made more effective and compact. They may possibly need restructuring. The Consultative Document explores how that might be achieved.

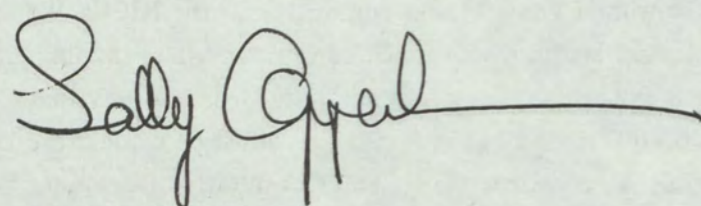
The NICCs must command the confidence of consumers. The whole structure must appear more accessible and be seen to be wholly independent. Above all the NICCs must get, and be seen to get, practical results. In particular they need to provide an expert and effective complaints-handling service, easily accessible and known to and trusted by consumers. I attach very high priority to this because it is where the NICCs can most clearly help those who need them.

I myself am quite convinced that we need to reduce the number of NICCs but increase their authority; that they should spend more of their available time and resources on pursuing the concrete problems of customers and less on broad policy issues; and that the arrangements should be such that Councils can resist being deflected from pursuing improvements by assertions like 'That can't be done' because they know full well that what they are seeking in one region is already standard practice in another; and so on. Of course, respondents to this paper will have many broad and detailed suggestions to make. For example, consideration of complaints-handling naturally opens up questions of accessibility and the use of devices like Freefone, Freepost, complaints boxes on railway stations, participation in radio 'phone-ins' and the like.

This Consultative Document necessarily concentrates on the broad framework and other major issues. It suggests two possible reforms: a major re-structuring involving amalgamations; and more modest reform, mainly of the Gas and Transport NICCs. My colleagues and I do not want to make major change for its own sake. If we are to undertake a major re-structuring we shall need to be fully satisfied that the long-term benefits justify the new legislation needed.

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I claim no monopoly of new ideas about reforms. I seek particularly observations on those we suggest in this paper. But I am very ready indeed to consider any proposals which are aimed at achieving the objectives set out in paragraph 29. I very much look forward to getting a substantial response especially from those who work in or with the NICCs. The present NICC arrangements have served us well for over 30 years. I am looking for new ones which will do even better and last a long time. I need to draw upon the experience and advice of all interested parties to achieve that.



SALLY OPPENHEIM

December 1981

Further copies of this report can be obtained from, and comments should be addressed to, the following address:

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Comments should reach the Department no later than 15 March 1982

CONTENTS

	<i>page</i>
I INTRODUCTION	1
II THE EXISTING STRUCTURE	2
III PRESENT PERFORMANCE	5
IV OPTIONS FOR REFORM	9
i Functions and priorities	9
ii Powers	11
iii Scope	11
iv Structure	13
v Membership	16
vi Training, Staffing, Accommodation, Funding, etc	16
vii Relationships with other bodies	17
Annex A Existing arrangements for representing nationalised industries' consumers	21
Annex B Reform within the existing statutory framework	35
Annex C 'Sectoral' NICCs	37

I INTRODUCTION

1 In May 1979 the Government announced that it was to review the 44 nationalised industry consultative and consumer councils and committees (the NICCs) in Great Britain*. There were three main reasons for doing so.

2 First, many nationalised industries enjoy a considerable degree of immunity from the free play of the market and are not under the same pressure as private sector companies to promote efficiency, contain costs and act responsively towards customers. The Government has introduced legislation wherever possible to remove or reduce statutory monopolies and other barriers to competition and in some cases to enable the sale of shares in industries. Where nationalised industries are not or cannot be exposed to market forces, the Government has established a framework of financial and other disciplines, including references under s11 of the Competition Act, to act as a substitute or proxy. The NICCs are part of this machinery, representing customer views direct to management, stimulating the industries to become more responsive and taking up customer complaints. The Government needed to satisfy itself that this was being carried on as effectively as possible.

3 Second, the Government is determined to wind up all non-Departmental public bodies which have served their purpose and to ensure that those which remain achieve high standards of economy, efficiency and effectiveness. The NICCs are funded entirely by the taxpayer through Central Government and require large numbers of Ministerial appointments. It was thus clearly right to consider whether the complex NICC structure of national, regional and local councils and committees is still justified. Although there has been some piecemeal evolution over the past 30 years, the basic structure dates from the time when the industries were first nationalised.

4 Third, a number of reports during the 1970s, notably by the Select Committee on Nationalised Industries (SCNI), the National Consumer Council (NCC) and 'Justice', while generally appreciative of the NICCs, were critical in a number of respects.

5 The time was thus clearly ripe for a review of the NICCs, the twin objectives of which were summed up in the *Report on Non-Departmental Public Bodies* (Cmnd. 7797): 'A review is in progress of the existing set-up with the aim of replacing this by something smaller and more effective' (p118).

*Northern Ireland has been dealt with separately.

II THE EXISTING STRUCTURE

6 The 44 NICCs cover the gas, electricity, coal, rail and ferry transport, and posts and telecommunications industries. All except the Electricity Consumers' Council (ECC) are statutory bodies, working within a framework set by the nationalisation legislation of 1945-50. They involve almost 1,000 Ministerial appointments. (The Regional gas and electricity NICCs in addition make some 2,200 appointments to their local committees, which formally are not NICCs.) The NICCs are serviced by a permanent staff of about 240. Their total cost was £3.7m in 1980-81.

7 The *gas* consumer bodies comprise a National Gas Consumers' Council (NGCC); 12 Regional Councils (reflecting the geographical structure of the British Gas Corporation (BGC)) and 63 local committees*. The *electricity* consumer structure similarly mirrors that of the electricity supply industry. For England and Wales there is an ECC, 12 Consultative Councils and 64 local committees*; there are two separate Councils, with 14 local committees*, each covering one of the two Scottish Electricity Boards. *Rail and ferry transport* has a Central Transport Consultative Committee (CTCC) and 11 Area Transport Users' Consultative Committees (TUCCs). The geographical coverage of the regional (and local) bodies is determined by the geographical responsibilities of the regional organisations within the nationalised industries.

8 The Post Office Users' National Council (POUNC) deals nationally with *posts and telecommunications*. There are separate but subordinate Councils (POUCs) for Scotland and Wales. There is no formal sub-structure but the Councils obtain advice from local Post Office Advisory Committees (POACs), some of which receive modest Government support. *Coal* has a single national council, the Domestic Coal Consumers' Council (DCCC). (Complaints are dealt with through the (private) Approved Coal Merchants Scheme (ACMS): see below.)

9 All the NICCs, save the ECC, have statutory functions, certain of which are broadly similar. In general they are required to consider any matters raised by consumers, Ministers or the industries themselves concerning the service and facilities provided by their respective industries (although the CTCC and TUCCs are specifically excluded from considering charges); they can pursue matters which appear to them to be worthy of consideration; and, where action appears to the Councils to be necessary on specific issues, they are required to notify their conclusions to the industry and/or the Minister. Local committee arrangements are established by the Regional Councils (who make appointments to them), subject to Ministerial approval.

*These committees are known variously as 'local', 'district' or 'area' committees.

10 The National Councils are primarily concerned with policy and strategic issues. They undertake a limited amount of research; in recent years a degree of co-operation between themselves and with other consumer bodies on joint projects has emerged. The relationship between national and regional bodies is a shifting and perhaps somewhat uneasy one. Some central co-ordination of the second tier activities is achieved by membership of the National Councils of Regional Council chairmen. At the regional level policy issues also feature prominently as do complaints. The prime function of local committees is settling complaints but they in turn also spend time discussing national and regional issues. The majority of the complaints dealt with by the local committees are received via the Regional Secretariat, although some are made direct to local committee members, particularly those who are well known locally. The Chairmen of local committees invariably sit on Regional Councils. Wide variation can be found in the way Regional Councils and local committees operate within the same NICC. For example, there are significant differences in the geographical 'density' of local committees.

11 Within this broad pattern there are considerable differences in emphasis from NICC to NICC. Handling complaints is an important part of the energy Regional Councils' work, but only a relatively minor part of that of the National Councils and of the TUCCs. POUNC has traditionally focussed on prices and quality of service although the national headquarters receives and deals with complaints. The DCCC members' role as consumer representatives on the panels of the ACMS has no parallel amongst the other NICCs. In part, these differences of approach reflect differences in the nature of the industries concerned: it is possible to remedy a defective appliance or mistaken bill, but not a single cancelled train or a late letter. In part, they reflect differences in structure, statutory powers and history.

12 Over the years complaints have become a more significant element in the work of the NICCs. Currently between them they handle about 70,000 complaints from consumers who have sought, but failed to obtain, satisfaction from the industries. Nevertheless the findings of NCC surveys suggest that complaints to the NICCs are only the tip of the iceberg. Many go to Citizens' Advice Bureaux (CABx) and other agencies. But many people simply do not complain at all because they feel it pointless to battle with large, powerful corporations; or are unaware of the appropriate NICC; or believe NICCs are off-shoots of the industries themselves.

13 The NICCs do not cover London Transport Services*, buses, water or aviation. London Transport has its own consumer arrangements; those for buses are primarily in the hands of local authorities. In England and Wales local authority nominees provide the majority of the members of Water Authorities (WAs) with the job, inter alia, of bringing to

*Except as regards proposed permanent closure of underground lines

bear the views of water users. The provision of water in Scotland is a direct responsibility of local authorities. Aviation is subject to the general oversight of the Civil Aviation Authority (CAA) which has an Air Transport Users' Committee (AUC) to advise it. There are also Airport Consultative Committees (ACCs) covering British Airports Authority (BAA) and the larger local authority airports.

14 More detailed information about all these bodies is given in Annex A.

III PRESENT PERFORMANCE

15 When the NICCs were first established in 1945–50, there was little pre-war experience of nationalised industries on which to draw. Many of the enterprises had been in municipal hands. The NICCs were intended essentially to meet concern that in the new state monopolies the interests of management and employees might over-ride those of consumers; and to give local authorities a special continuing role in respect of the gas and electricity industries. The NICCs have had to evolve their detailed activities and working methods in response to the major changes in the industries and society as best they could within the basic structure set them, with only limited advice or guidance from Government on priorities and functions.

16 Against this background it is helpful to apply the tests proposed in paragraph 24 of Cmnd. 7797 to assess the performance of and need for non-Departmental public bodies.

'Are the functions being carried out well and economically?'

17 Reports by the SCNI, the NCC and 'Justice' conclude that the NICCs do much good work. The gas and electricity NICCs in particular often resolve varied problems of complainants when the industries themselves have failed to do so. They have played an important role in influencing 'middle management' policies, for example, in relation to area electricity tariffs, monitoring the codes of practice on disconnections and regional rail timetabling. They have made a sensible – though not decisive – contribution to strategic national issues, such as pricing and investment.

18 These reports also make a number of criticisms. The most important are:

- a the NICCs are not well enough known to consumers;
- b they are not cost-effective in dealing with customer complaints;
- c they are, or appear, insufficiently independent of the industries;
- d they are ineffective when raising policy matters, being too often ignored by the industries and Government.

19 The first two are related and, in spite of better self promotion (notably by the NGCC) in recent years, have some validity. Lack of awareness of the NICCs and of the help they can offer means that they are less used and, hence, each complaint costs more to resolve than it might. Moreover, the NICCs are not always sufficiently effective in dealing with customer complaints.

20 As regards NICC independence, there is a delicate balance to be struck between establishing working relationships with industry and preserving autonomy. In practice, in some areas, the NICCs appear to have managed to achieve it. We do not believe that they defer unduly to, or accept uncritically the views of, industry management though in the handling of complaints they sometimes give that impression. The appearance of independence is as important as the fact. Any suspicion that NICC-industry relations are too 'cosy' is damaging to the NICCs: their views are taken less seriously and complainants are less likely to seek their help. There are practices, such as Area ECC Chairmen sitting on Area Electricity Boards and the staffing of TUCC secretariats with seconded BR employees, which detract from the appearance of independence, even though they may help the NICCs develop better understanding of, and closer relationships with, the industry. More generally there is a case for reviewing the one-to-one NICC-industry relationships. We return to these points later.

21 The criticism that the NICCs are ineffective when raising policy matters is less valid. On non-financial policy questions, such as the development of codes of practice on disconnection of energy supplies or on Post Office compensation, they have achieved a great deal. Their contributions on financial policy questions, such as CEGB forecasting of costs or postage rates, have also carried weight. These are areas where the consumer view has to be balanced against the potentially conflicting interests of the taxpayer and of the economy as a whole. The NICCs are certainly not ignored by the industries or Government, but their voices cannot be decisive.

22 As regards the economical performance of their functions, scope clearly exists for improving cost-effectiveness. For example, by rationalising the complex structure of committees: many third tier local committees, in particular, fail to exercise their 'grass roots' representative function and over-concentrate on general discussion of issues resolved elsewhere. These issues are dealt with more fully in Chapter IV.

'Are the functions best carried out by the NICCs rather than by other means?'

23 The work of a number of other organisations complements, and sometimes duplicates, that of the NICCs, but no single body could replace any one of the NICCs. For example, the Monopolies and Mergers Commission (MMC) and the NCC can consider national and regional policy issues, but not on the same continuing basis as the NICCs; nor can they handle complaints. The CABx handle many complaints, but do not take up major policy issues. Organisations such as the Mail Users' Association, the National Association of Rail Passengers, or the Electrical Association for Women (to name only a few), cover much the same field as that of the NICCs, but they neither represent all consumers nor enjoy the statutory authority of the NICCs.

24 Collectively such bodies could replace much of the work of the NICCs. If the NICCs disappeared, complainants would turn to the CABx and other agencies and the Government could continue to bring a consumer voice to bear on national policy issues by enhancing the role of the NCC and making increased use of references to the MMC under s11 of the Competition Act 1980. However, this could not be regarded as an improvement on the NICC system. The complaints handling service would be diminished: for example, the geographical coverage of the CABx is far from even; their 10,000-12,000 mainly voluntary staff have considerable familiarity with the complex financial problems of clients that can lead to gas or electricity disconnections, but also draw on the industry expertise and contacts of the NICCs; nor would the increased workload be welcomed by the CAB movement or any of the other organisations who would receive complaints formerly handled by the NICCs. Again, with the possible exception of the transport sector, there would be a significant loss of 'consumer' input at the 'middle management' level. Lastly, the dispersal of NICC functions around a range of different bodies would itself be damaging: complaints-handling and policy roles are closely related, since complaints patterns will indicate trends of consumer dissatisfaction with industry policies.

25 Central Government could itself theoretically assume the NICCs' functions, but this is undesirable on a number of counts. The Government cannot have a 'partisan' consumer voice; nor could it easily take up local complaints and policy issues; lastly, it would be unacceptable to replace unpaid or part-time paid members of the Councils and their local committees by full time civil servants.

'Are the functions being carried out essential? Or, if not, are they valuable enough to justify the time and money spent on them?'

26 Notwithstanding the nationalised industries' own considerable efforts to become more responsive, we believe, for the reasons given in paragraph 2, that the present NICC functions are still required. The system is unique in combining an independent machinery for resolving customer complaints with the monitoring of 'middle management' policy and practice which affects quality of service and with the ability to comment on strategic areas of national policy. Complaints handling is of particular importance and the function from which consumers derive the most immediate benefit, but (as noted in paragraph 24) these various functions are mutually reinforcing.

27 There is, additionally, the all-important factor of customer expectations. These are high and, rightly or wrongly, the nationalised industries are felt not to meet them. Moreover, not only do many users feel powerless in their dealings with the industries, they may actually have more limited legal rights of redress than in their dealings with private firms. In short, there is a gap to be bridged between customer and nationalised industry and the NICCs are needed to bridge it.

28 The cost of the NICCs, whilst small in relation to the turnover of the industries they cover, is nevertheless substantial. The time spent on NICC work by the 3,000 or so unpaid members is considerable. The NICC functions may well justify the time and money spent on them, but one major aim in any reform must be to improve the service they offer and to make more effective use of their resources.

Conclusions

29 In short we firmly believe that there is a need for the NICCs, or something like them, and that they could not satisfactorily be replaced by another existing body or bodies. It is also evident that there are defects in the existing system and, consequently, the NICCs cannot be left as they are. What is needed is reform – not major changes of role and function, but rather greater clarity of purpose, better ordering of priorities and a slimmer, more professional machinery. The objectives of such reform can be summarised more specifically as follows:

- a to promote a more effective system, particularly in the field of complaints handling;
- b to produce arrangements that are better known to, and more readily understood by, consumers;
- c to enhance NICC independence from the industries;
- d to create fewer, smaller and more authoritative Councils.

IV OPTIONS FOR REFORM

30 This chapter identifies seven key areas in which changes might be sought which would fulfil the objectives in the preceding paragraph. Reforms which would require primary legislation are distinguished from those which could be effected within the existing statutory framework. The Government would only contemplate legislation if it were decided to carry out a major restructuring of the NICCs; it does not believe that legislation would be worthwhile or justified simply to make minor changes.

31 The areas considered are:

- i functions and priorities
- ii powers
- iii scope of industry coverage
- iv structure
- v membership
- vi training, staffing, accommodation, funding, and the like
- vii relationships with other bodies.

i Functions and Priorities

32 The NICCs do not always exercise their functions as well as they might. Their priorities also appear to require some revision. For example:

- a The efficient handling of complaints should be a main priority for all NICCs. National Councils, of course, need only become directly involved in individual cases infrequently, but they should at all times regard themselves as responsible for the way complaints are handled at regional and local levels and where they give rise to questions of national policy on the part of the industry concerned. There is scope, for example, for agreeing with the industries concerned that individual cases or groups of cases should serve as precedents, information about which could be widely disseminated, to save time in handling subsequent similar problems; this would be one part of the general promotion of inter-NICC and intra-NICC exchange of experience on complaints handling. A prerequisite for improvement in this direction is the maintenance of better and more standardised records, an aspect of Regional Secretariat work that appears neglected.
- b Constructive NICC scrutiny of, and comment on, price proposals is at the same time difficult and sensitive from many points of view. The setting of financial objectives and external financing limits are matters between the Government and the industries. Yet undoubtedly the public regard prices

as one of the most important, if not the most important, field in which the customers' watchdogs should be active. Without encroaching upon the role of management (or of Government) it ought to be possible for the NICCs to supply a critical but constructive input in relation to costs. Indeed in the financial area the NICCs' most important function at national, and possibly regional, level probably ought to be in seeking 'value for money' and to be seen to be doing so. POUNC are currently exploring with the Post Office the possibility of conducting a 'customer audit', under which they would analyse the relative movements in price and quality of service, seeking explanations of any changes noted. The Centre for Policy Studies, too, have commended the idea of a 'value-for-money audit' although their approach differs from that of POUNC. Other NICCs might usefully consider this approach, assuming their industries already have, or could collect, quality of service data amenable to such analysis.

- c NICC impact on both industry management and the public must be fostered. This — again — requires a delicate balance. The NICCs are not executive bodies; only management can effect change. But an important objective of the NICCs must be constructively to assist this. Present relationships between the NICCs and industries are close and valuable. For example, industry representatives frequently participate in meetings of local committees. But the way in which these relationships operate at present varies widely from body to body and careful examination is needed to determine the practices most likely to promote both close co-operation and NICC independence. There are other ways in which the punch of the NICCs might be increased, without either radical change in the organisations or major new expenditure: eg by improved use of the media and other institutions. Advertising is expensive, but regional and local publicity (in particular) ought to be obtainable without unfairly criticising the industries — indeed opportunities for co-operative activity may exist.

33 The examples in the previous paragraph are, of necessity, limited and couched in general terms. It is clear that the Government ought to give clear, if broad, guidance to the NICCs on what it sees as their proper functions and priorities. This would, almost certainly, be best done by open, published guidelines, rather than by detailed law, though some form of Parliamentary scrutiny and approval could be considered. Matching expressions of expectations of the industries (eg about the provision of information) might also be helpful in some cases. Reference to this is made elsewhere in the paper and in Annexes B and C.

ii Powers

34 The Government does not consider that any major change is needed in the statutory powers and duties of the NICCs. Their success in resolving complaints owes nothing to such powers and duties; nor would changes here make their voice on policy matters more forceful. The objective must rather be to foster further the co-operative endeavour between the NICCs and nationalised industry management which has developed over the years, bearing in mind that the key to effective and constructive action by the NICCs is access to information relevant to their functions.

35 If legislation were introduced, it would of course be for consideration whether the present diverse statutory rights of the NICCs should be made somewhat more uniform. The Government does not however believe that this should involve giving the transport NICCs the ability to comment on rail fares, which they are statutorily precluded from doing at present. It has been the policy of successive Governments that BR should be free to set prices which attract custom at a market level. British Rail is subject to direct competition from other forms of transport, especially on their main trunk routes. Such competition has been increased by the Transport Act 1980. It should not in these circumstances be necessary to introduce an outside scrutiny of railway fares.

36 A separate issue (alluded to in paragraph 10) which arises is the relationship between the National and Regional Councils. It is possible that arrangements which gave National Councils greater oversight of Regional Councils might be beneficial. The aim would be better co-ordination without reducing the Regional Councils to satellite status. Here again the issue of guidelines, rather than rules with the force of law, might be the most effective way of achieving the right mixture of authority and independence.

iii Scope

37 The NICCs provide only part of the arrangements for directly promoting the interests of the consumer. Mention has been made, for example, of the separate arrangements regarding London Transport and the role of local authorities in relation to buses. For the most part they would probably not be improved by being brought within the centrally financed NICC structure. It is for consideration, however, whether some might be, for example, the English Water Authorities and the Welsh Water Authority, the National Bus Company (NBC) and the Scottish Bus Group (SBG).

38 *Water services* (ie principally water supply, sewerage and sewage disposal and land drainage) are provided by the 10 Water Authorities (WAs). In areas covered by the 28 statutory water companies (SWCOs) the WAs' water supply duties are discharged through the companies. There is no consumer representation provision in respect of SWCOs. The

Monopolies and Mergers Commission's report on Severn-Trent Water Authority published in June 1981, said that when the rights of local authorities to nominate a majority of the members of the Authority were established under the Water Act 1973 it was hoped that this would enable consumer interests to be adequately taken into account when the policies of the Authority were being determined, but it was clear that these hopes had not been satisfactorily fulfilled. The Commission recommended a substantial reduction in the size of the membership of the Authority, which should not be based predominantly on local government representation, and put forward criteria for effective consumer representation in the water industry: a separate consumer body for Severn-Trent's area sufficiently large (somewhere between 50 and 100 members) to extend the link with local government and also provide more straightforward representation of local consumer interests as well as representation of other bodies such as the CBI, TUC, Chambers of Commerce and recognised consumer groups. The Government is consulting separately on the future membership of Regional Water Authorities and will be looking at the position of the water industry in relation to this review. Following consultation the Secretary of State for Wales has now laid before Parliament an Order varying the constitution of the Welsh Water Authority and is proposing the setting up of local consumer advisory committees.

39 *Civil aviation* involves a very large number of organisations, some in the public sector, many in the private. Any journey by air brings the passenger in contact with a number of them (eg customs, immigration, catering concessionaires, airlines and surface transport authorities) and, if he or she is dissatisfied, more than one may be at fault. A consumer council constituted to deal only with complaints about nationalised industries or the public sector would be able to deal only with a small proportion of those which might arise in civil aviation. Machinery already exists to represent customer interests in this area. It has generally worked well in the past and should continue to do so. The AUC advises the CAA on its statutory duty to safeguard the interests of airline users; this includes the investigation of individual complaints against airlines. The representation of air travellers' interests at airports, on the other hand, is best handled by the ACCs, which have been set up at all airports of any size, and whose responsibilities also include consideration of the interest of other parties affected by the airport, such as airlines and cargo handlers, local authorities and organisations representing the local community. The strength of the present Consultative Committees lies in their ability to consider all aspects of an airport operation.

40 *Bus services* are provided by a range of bodies: two nationalised industries (the NBC and SBG); London Transport; 7 Passenger Transport Executives (PTEs); some 50 municipal bus companies; and a host of private firms. Among the public sector providers of bus services, London Transport and the PTEs already have consumer bodies and the municipal operators' policies can be prominent issues in local politics. It can be argued that the NBC and SBG are relatively immune to consumer pressure. However, bus services differ from most other services provided by nationalised industries: the NBC and SBG together provide

less than half the bus services in the country and they have been exposed to competition from the private sector by the Transport Act 1980. The problems met by individual bus users are almost always essentially local matters which can be taken up with the management by County or (in Scotland) Regional Councils. Recourse may also be had to the Traffic Commissioners where complainants have not received satisfaction from the bus operator. Against this background there must be doubt whether NICC scrutiny of that part of the bus industry which is nationalised would significantly strengthen existing safeguards for bus users.

41 There is lastly the question whether NICCs should cover all the activities of nationalised industries or only those where a monopoly or near-monopoly exists. The Government accepts* that genuinely competitive services of otherwise monopolistic nationalised industries need not be formally subject to NICC scrutiny, so long as customers are not likely to be confused by this. However, the Government would not wish to promulgate complex legislation, primary or secondary, to remove marginal activities of industries from NICCs' remits; this is an area where the exercise of common sense by all parties should be sufficient.

iv Structure

42 The two structural options most likely to meet the objectives identified in paragraph 29 are as follows.

a *Reform without legislative change*

43 The first is to leave the statutory base unchanged: there would continue to be a separate NICC for each industry at national level, but the regional structure would be slimmed down where appropriate. For example, the number of Regional Gas Consumers' Councils in England might be reduced from 10 to 4. Each would then have oversight of 2 or 3 BGC Regions. (Scotland and Wales would each continue to have their own Councils.) The effect would be to raise the status of each Council, enhancing the impact on both the public and the industries. The distancing of the Councils from their industries would promote independence and would enable each Council to compare one Region's practice with another; they would be in a much better position to form, and promote, ideas of 'best practice' in the industry: some Regions are quite markedly better than others at settling disputes, in fixing and keeping to appointments by meter-readers and service staff, in implementing the codes on disconnections, etc. By judicious use of publicity, the Council could bring each Region up to the standard of the best. Apart from this decrease in numbers of Councils, there would be scope for economies of scale in complaints handling and for revising the schemes of local representation, as described in paragraph 45. The enhanced

*As in the British Telecommunications Act

status of the Councils might well offset the increased difficulty of attracting high-calibre members which the heavier burden of work might generate.

44 The Area TUCCs could also be reformed. The aim here would be to create TUCC Regions that matched as closely as possible the 5 British Rail operating Regions. This would enable each Committee to consider the varying user requirements and system constraints on route 'corridors', which comprise inter-city, local and commuter services. The normal level of TUCC access to BR would be raised from Divisional to Regional management; the same benefits of increased status would accrue as in the case of the Regional Gas Consumers' Councils.

45 The number of Area ECCs could not be reduced in this way, because they are statutorily linked to the Area Electricity Boards. Nor, given the 'federal' structure of the electricity industry, is the case for merging Area ECCs quite so strong as for the Gas Councils. However, for both gas and electricity, the number of local committees could be reduced with the co-operation of the NICCs. The twin aims would be to make local contacts as accessible as possible to consumers, whilst reducing the burden of duplicative formal meetings of committees. Other forms of local representation and contact points might be evolved, eg CABx, CACs or local correspondents with Freefone access to the Regional Council's Secretariat, having an organic relationship between themselves and with the Regional Councils different from the present one.

46 The existing NICCs could also be helped informally to seek improved performance. The Government for example, might examine the scope for encouraging, through the publication of guidelines, the NICCs to work towards greater co-operation among themselves; closer co-operation with the CAB movement, other consumer bodies and local authorities on training of staff and members; exchange of information, rationalisation of complaint handling and recording procedures with improved feed-back from local members; etc. It is illustrative of what might be done that many NICCs have no arrangements for training newly appointed members. In none of this would the Government wish to impose a uniform pattern nor work towards such improvements without the closest consultation with those with experience in the field. The changes that could be made without legislation are described more fully in Annex B.

47 In sum, such reforms could reduce the number of NICCs from 44 to 33 and the number of Ministerial appointments from almost 1000 to about 750, whilst offering the NICCs an opportunity to present a more authoritative and coherent consumer voice.

b Reforms requiring new legislation

48 The second option is broadly to amalgamate the present energy NICCs (gas, electricity and coal) and possibly bring within the same body consumer representation in

respect of water, thus creating a 'Utilities' NICC. A separate NICC structure might be retained covering BR and the ferries as at present, but with the possible addition of the nationalised bus services. A third NICC, 'Communications,' would have the same field of responsibility as the existing POUNC (and POUCCs) – posts and telecommunications. This would create a coherent set of 'sectoral' arrangements. There is sufficient similarity between the problems arising in the different utilities – particularly gas and electricity – for them to be handled by a single body at national level. Some internal specialisation would be required, which should be possible with Councils of manageable size and adequate support staff, but this would not reduce the much improved opportunity for inter- as well as intra-industry comparisons and promotion of 'best practice'.

49 The 'Utilities' and 'Transport' National Councils would each be supported by Regional Councils and local representation, with the same industry coverage as the national bodies. The thinning out described in paragraph 43 in respect of gas would apply to the 'Utilities' Council as a whole – ie it too would have 4 English Regional Councils as well as separate Councils for Scotland and Wales. Local representation would normally be amalgamated (see paragraph 45), but separate specialisations could be considered. This, together with adoption of the Transport reforms suggested in paragraph 44, would result in a very much slimmer organisation than under the first option. The Regional Councils and local representatives would, of course, continue to handle middle management issues and probably receive the bulk of complaints. This more radical approach would reduce the number of NICCs by almost two-thirds to about 17 and the number of Ministerial appointments to say 350. Regional Councils would also need 'internal' specialisation and an increased burden on appointed members must be acknowledged. Some Councils might require more than one office, the sub-office dealing largely with complaints and local promotional work. The concentration of centres ought to avoid increasing staff numbers. Better training and organisation hold out the hope of an improvement in effectiveness.

50 Sub-regional arrangements would still be required to provide local contact between consumers and the NICCs. As suggested in the first option this could take a variety of forms, including the present type of local committee. The general aim would be to harness local contacts and representation both to the enhanced expertise and influence of the Regional Councils and their staffs while at the same time encouraging, through direct contact, the continued local settlement of many individual issues. Annex C refers to the possibility of sectoral NICCs sharing accommodation and support services at Regional HQs and sub-offices (along the lines illustrated in Table 3). These offices could form well-publicised complaint centres, with distinctive Post Office box numbers or postcodes, and with expert staff capable of handling (directly or by reference to other agencies) the whole range of consumer complaints with nationalised industries.

51 Adoption of this second option would, of course, require legislation, which the Government would not be willing to introduce unless it were fully satisfied that the advantages — a more authoritative and streamlined structure than under the first option — outweighed any possible disadvantages. The Government has, however, considered this option carefully and concluded that, given NICC members of the right calibre and commitment, this is both a workable and potentially highly effective structure. Annex C describes in detail how this might appear.

v Membership

52 Experience suggests that smaller Councils work more effectively than larger ones. The optimum size for the average energy NICC appears to be about 15–20 members; the TUCCs and POUCs could be slightly smaller, say 12–15. Nominations for NICCs are currently drawn from a wide range of bodies so as to obtain a balance of consumer interests and expertise. This process of trawling widely could be further widened. For example, the experience of past and present local authority members is invaluable as is their high public profile, but it is questionable whether, in any new machinery, local authorities should have a fixed quota of members on particular Councils. Local authority members of Gas Councils must by law be serving members of local authorities, which appears unduly restrictive. There could be more encouragement of self-nomination and wider sponsorship by bodies not directly approached by the Government. Legislation would be required to effect most of these changes.

53 Appointments to NICCs proper are made by Ministers; members of local committees are appointed by the NICCs themselves. Only Chairmen of National and Regional Councils are paid appointments. Reducing the number of appointments made by Ministers seems better achieved by reducing the number and size of bodies, rather than by further delegation. Centralised appointment-making is probably more economical, more likely to promote uniform standards and more widely tap sources than decentralised machinery and thus preferable except where the need for local selection is overwhelming.

vi Training, Staffing, Accommodation, Funding, etc

54 The scope for introducing, separately or collectively, some form of training programme for Council members and local representatives, possibly in conjunction with other organisations active in the consumer field, has already been mentioned. It is equally applicable to both structural options, as are most of the comments in the following paragraphs.

55 National and Regional Councils are served by a permanent staff often recruited or seconded from the industry concerned; their terms and conditions of employment are generally fixed by reference to that industry. Regional Secretariats service local committees, which have no staff of their own.

56 The number of staff varies considerably between NICCs even within the same industry. The possibility of a national staffing structure, more open recruitment and greater uniformity in pay and gradings requires close examination. There are obvious geographical and other obstacles to the establishment of a nation-wide service but interchange between NICC staff would promote the cross-fertilisation of ideas and experience and could help bring about a more consistent approach to the handling of common issues.

57 Because the NICC organisation relies on part-time members the Secretariats play a major role in determining both the overall efficiency of particular Councils and, in particular, the way in which complaints are handled. It is not to denigrate the work done by present staff to stress that the staff of NICCs must be as 'professional' as possible and that at the national level (particularly if the sectoral approach is adopted) pools of staff with legal, accountancy, economic and other skills are desirable. For Regional staff, training in complaints handling and in communication skills would seem appropriate. It does not necessarily follow that the NICCs would need to set up their own expensive training facilities.

58 Some rationalisation might be achieved through common occupation of premises and a pooling of facilities such as typing. Under the Sectoral NICC option it should be possible for regional bodies to share premises. Joint occupancy would assist the improvement of communications between the various NICCs mentioned earlier. Examination, possibly by the NICCs themselves, with some outside assistance, of the possibility of improving methods of handling paperwork, reducing and rationalising the production of annual reports, etc, would be profitable. The aim of such an examination would be three-fold: to cut out waste; to promote effectiveness; and to increase public awareness of the NICCs' services. For example it might be desirable for the constituent Councils of the NICC covering one industry to dispense with separate regional reports without noticeable loss of regional autonomy, and concentrate upon making a single, more substantial, national report. At the other extreme, standardised complaint forms might be available at gas and electricity showrooms, post offices, stations etc for first stage complaint-making. National Councils, and particularly the Secretaries thereof, should regard the efficient operation of the Regional tier as a direct responsibility.

59 The NICCs are paid for by the taxpayer. They must be fully accountable, therefore, for the effective, economical and efficient use of the public money allocated to them. To this end, the Government will continue to exercise the necessary financial and other controls over the NICCs. This framework of control and accountability will be in line with the arrangements set out in *Non-Departmental Public Bodies: a Guide for Departments* (HMSO, October 1981).

vii Relationships with other bodies

60 One of the agreed aims of the NCC is the promotion of consumer representation in the nationalised industries. The NCC usually includes among its members individuals who,

while not representing the NICCs as such, are serving NICC Chairmen. There has grown up recently a measure of common thinking between the NCC and the NICCs at national level and some joint projects have been undertaken with individual NICCs. The NCC also provides some training facilities for individual consumer representatives, including NICC members. Ways in which the NCC might more consistently help the work of the NICCs deserve consideration.

61 There is scope for fostering closer contact and co-operation with the CABx both on casework and on training. Even in cases where the CABx have the greater expertise, early involvement of the appropriate NICC can be to the advantage of all parties, particularly where there is any threat of disconnection of gas or electricity supplies.

62 It is highly desirable that the Transport NICCs establish good working relationships with the appropriate consumer bodies dealing with London Transport, the PTEs and the airports, ie *LTPC*, the *TUACs* and *ACCs*. This might best be achieved by cross-membership between *TUCCs* and such bodies and by occasional joint meetings to discuss bus/rail or tube/air passenger interchange and similar issues of common interest.

63 Last, but by no means least, there is the question of relations with the *industries* themselves. The need for close working has already been stressed, but there remains the question whether it is desirable that the NICCs have representatives on industry boards, as Area ECC Chairmen currently sit on AEBs.

Scotland

64 In Scotland, the Secretary of State for Scotland is responsible for appointing the members of the Electricity Consultative Councils for the North and South of Scotland Districts. This mirrors the particular responsibilities which the Secretary of State for Scotland has for the electricity industry, where the Boards are organised to provide both generation and distribution of electricity.

65 Should reform without legislation prove to be the preferred option, then there will be no unique problems in its application to the NICC structure in Scotland. If however the sectoral NICC solution is favoured, then full account would have to be taken of the Secretary of State for Scotland's responsibilities for the electricity supply industry and transport. The possible development of a separate structure for the utilities in Scotland would have to be explored. Hitherto, for instance, the Scottish ECCs have not come under the umbrella of the Electricity Consumers' Council and their relationship to any GB body –

or a possible Scottish alternative – would have to be considered. It might be necessary to recognise that the solution best suited to Scottish needs may differ somewhat from the course adopted in England and Wales. The views of relevant Scottish organisations on the matters raised in this Consultative Document will be sought by the Secretary of State for Scotland.

Summary

66 In paragraph 29 we concluded that the NICCs are still needed but that reform is desirable. We have examined a number of issues – functions and priorities; powers; scope of industry coverage; structure; membership; training, staffing, accommodation, funding and the like; and relationships with other bodies. The two central points on which further consideration should be focussed are the structural framework of the NICCs and their working methods.

67 As regards the structural framework, the options are:

- a *Limited reform without legislation.* This could involve a modest reduction in the number of existing NICCs but would not change their statutory responsibilities or the fundamental structure of the present system which is based on separate arrangements for each of the individual industries concerned.
- b *More substantial reform, which would require legislation,* designed to reduce significantly the number of individual NICCs (say from 44 to 17) and to concentrate their responsibilities in a new structure focussed on three broad industry groups covering energy, communications and transport. There might also be some changes in the NICCs' statutory responsibilities and some extension to the scope of the NICC machinery.

The Government would welcome views on these options. For example, would more concentrated (and potentially more influential) NICC machinery be too remote from the industries with which it dealt? Are there sufficient practical benefits to justify standardisation of the NICCs' statutory responsibilities? Should the industry coverage of the NICCs be widened, or are the interests of consumers best served in other ways?

68 Improvements in working methods would be possible under either structural option. The Government suggests these improvements might include: a greater emphasis on efficient complaints handling; wider use of the 'value for money audit' approach that POUNC have been developing; a willingness to experiment with less rigid forms of local representation; better communication between and within NICCs; more effective self-promotion by NICCs and closer liaison with bodies such as the NCC, CABx and TUACs; and more systematic training of staff and members. Views would be welcome on the scope for improvement (not necessarily involving legislation) in these and other areas.

EXISTING ARRANGEMENTS FOR REPRESENTING NATIONALISED INDUSTRIES' CONSUMERS

- 1 GAS
- i There is a National Gas Consumers' Council (established under the Gas Act 1972) together with 12 Regional Gas Consumers' Councils (established under the Gas Act 1948) * which match the operating regions of the British Gas Corporation. There is no statutory limit on the number of Regional Councils or their geographical coverage, save that there must be separate Councils for Scotland and Wales. The Secretary of State may vary the number of Regional Councils by direction. Each Regional Council has a duty to appoint committees or individuals to be local representatives; such appointments are made in accordance with a scheme, which is subject to the approval of the Secretary of State. There are at present 63 local committees.
- ii Appointments to the National and Regional Councils are made by the Secretary of State after consultation with such bodies as he thinks fit. In the case of the Regional Council, not less than two-fifths nor more than three-fifths of the members must be serving members of local authorities. The remainder are appointed to represent commerce, industry, labour and the general interests of gas consumers. Council Chairmen are appointed on a part-time basis (notionally 2 days per week) and are paid £6,025 per annum (National) and £4685 per annum (Regional). Deputy Chairmen and other members are unpaid, but may claim travel and subsistence and loss of earnings allowances.
- iii The statutory functions and obligations of the Councils are:
- a to consider any matters affecting the interests of gas consumers (generally or a particular class) including supply of gas or gas fittings, variation of tariffs and provision of other services and facilities, which are the subject of a report or representation made by one or more consumers to the Regional Council or by the Regional Council to the National Council *or* which appear to them to be matters to which consideration ought to be given;
- b where action appears to them requisite on such matters, to notify their conclusions to the British Gas Corporation;
- c to consider and report to the British Gas Corporation on any such matter referred to them by the Corporation;
- d in the case of the National Council, to consider and report to the Secretary of State on any such matter referred to them by the Secretary of State, *or* in the case of Regional Councils, to consider and report to the National Council on any such matter referred to them by the National Council.
- iv The British Gas Corporation is statutorily obliged:
- a to inform the National Council of its general plans and arrangements for exercising and performing its functions in relation to the supply of gas and in particular any proposal to vary a tariff;
- b to consider any reports or representations made by the Councils.
- v After consultation with the Corporation, the National Council may make representations to the Secretary of State who may issue directions to the Corporation thereon.
- vi The effect of these statutory provisions is that the Councils have a role in handling the complaints and enquiries of individuals, as well as in considering policy issues on behalf of consumers generally. In 1980/81 the Councils collectively dealt with 28,000 complaints. A little over one third (37%) related to sales and servicing of appliances; a further 13% to problems with central heating systems; disputed gas accounts and other charging issues accounted for 36%. On the policy side, the National

*Now governed by the 1972 Act

BRITISH GAS & GCC REGIONS



- 1 SCOTTISH
- 2 NORTHERN
- 3 NORTH WESTERN
- 4 NORTH EASTERN
- 5 WALES
- 6 WEST MIDLANDS
- 7 EAST MIDLANDS
- 8 EASTERN
- 9 SOUTH WESTERN
- 10 SOUTHERN
- 11 NORTH THAMES
- 12 SOUTH EASTERN

Council has recently dealt with gas tariff increases, long term pricing strategy, improvements in appliance quality control, energy conservation, wider sale of energy stamps and the code of practice on disconnections for non-payment of bills. The Regional Councils provide an input to National Council consideration of policy issues and also deal with regional matters, such as closure of show-rooms, keeping appointments for meter readings and service visits, supplies of spare parts and monitoring local implementation of the disconnections code of practice.

- vii More detailed information on the resources and workload of the Councils is given at Table 2 at the end of this Annex.

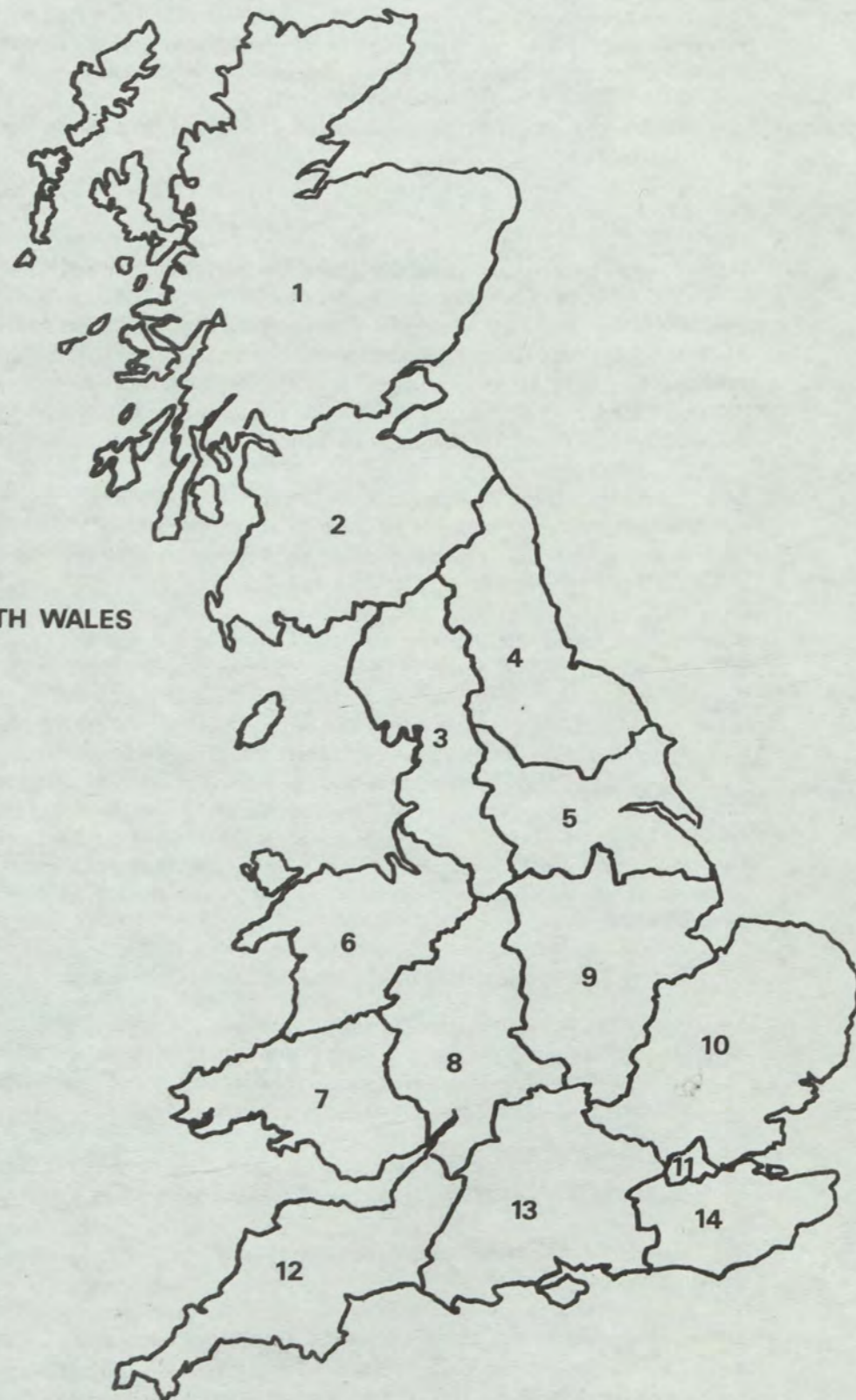
2 ELECTRICITY

- i There is a non-statutory Electricity Consumers' Council for England and Wales (established in 1977), together with 12 Area Electricity Consultative Councils (established under the Electricity Act 1947 as amended by the Electricity Act 1957); in Scotland there are two Consultative Councils, one each for the South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board (established under the Electricity Act 1947 as amended by the Electricity Reorganisation (Scotland) Act 1954). Unlike the Regional Gas Consumers' Councils, the Electricity Consultative Councils are statutorily linked to the Area Electricity Boards, on the basis of one Council for each Board.
- ii Each of the Consultative Councils has a duty to appoint committees or individuals to serve as local representatives; such appointments are made in accordance with a scheme which is subject to the approval of the Secretary of State. The English and Welsh Consultative Councils have, between them, 64 local committees; the Scottish Councils have 14.
- iii Appointments to the Electricity Consumers' Council and to the English and Welsh Consultative Councils are made by the Secretary of State for Trade. Appointments to the Scottish Consultative Councils are made by the Secretary of State for Scotland. In the case of the Consultative Councils, not less than two-fifths nor more than three-fifths of the members must be drawn from panels of persons nominated by local authority associations. The remainder are appointed to represent commerce, industry, labour, agriculture and the general interests of electricity consumers. Council Chairmen are appointed on a part-time basis (notionally 2 days per week) and are paid £6,025 per annum (Consumers' Council) and £5,620 per annum (Consultative Councils); a Consultative Council Chairman is an ex-officio member of his Area Electricity Board. Deputy Chairmen and other members are unpaid, but may claim travel and subsistence and loss of earnings allowances, as also may local committee members.
- iv The statutory functions and obligations of the Consultative Councils are:
 - a to consider any matter relating to the distribution of electricity in the area, including variation of tariffs and the provision of new or improved services, being the subject of a representation made to them by consumers (existing or prospective) in that area or which appears to them to be a matter to which consideration ought to be given;
 - b where action appears to them requisite on such matters, to notify their conclusions to the Area Electricity Board or to the Central Electricity Generating Board;
 - c to consider and report to the Area or Generating Board on any such matter referred to them by the Board.
- v The statutory obligations of the Boards and the Electricity Council are:
 - a that each Area Board shall inform the Consultative Council of its general plans and arrangements for exercising and performing its functions and the Council may make representations to the Board thereon;

AREA ELECTRICITY BOARDS AND ECCs

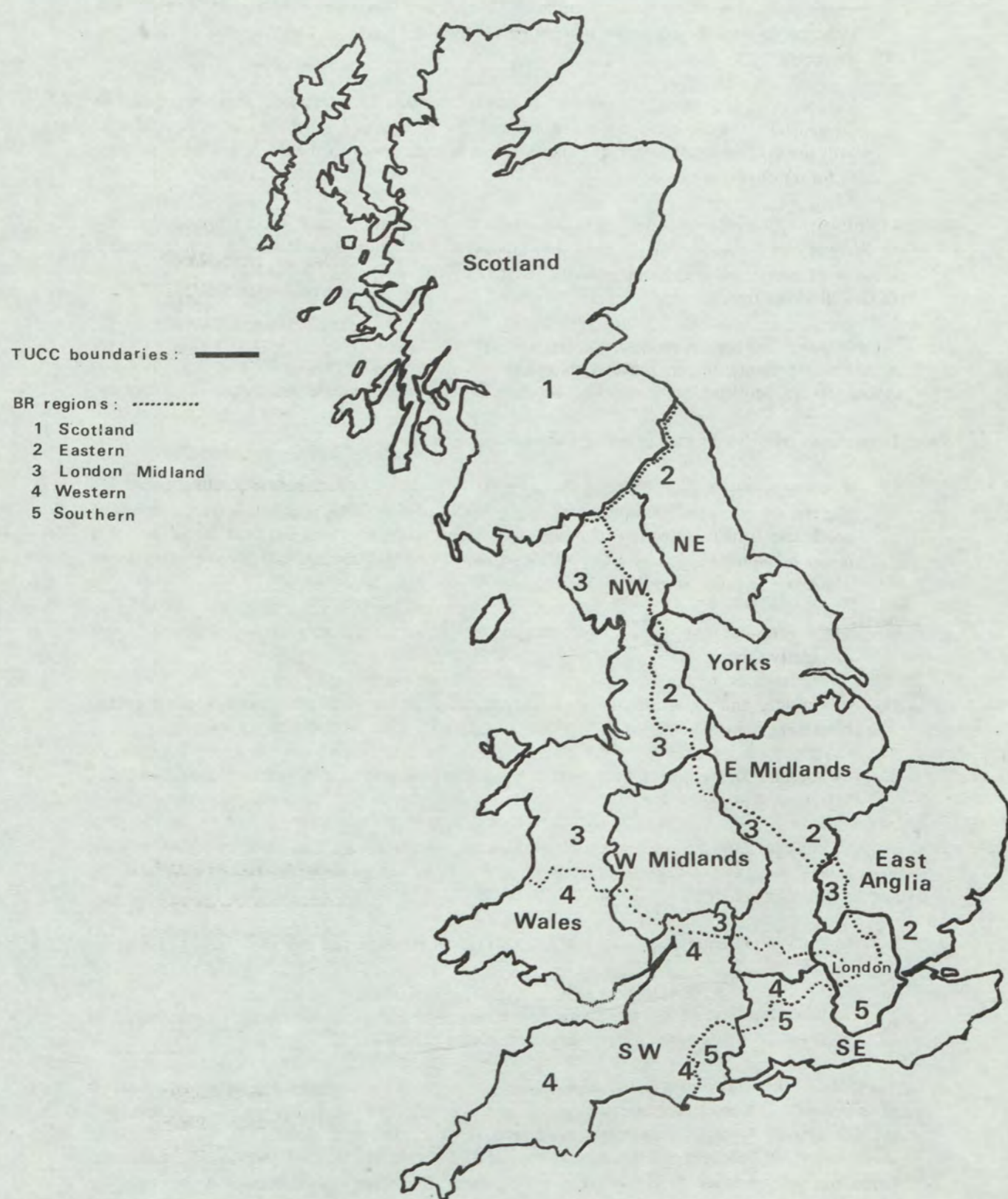
REGIONS

- 1 NORTH SCOTLAND
- 2 SOUTH SCOTLAND
- 3 NORTH WESTERN
- 4 NORTH EASTERN
- 5 YORKSHIRE
- 6 MERSEYSIDE & NORTH WALES
- 7 SOUTH WALES
- 8 MIDLANDS
- 9 EAST MIDLANDS
- 10 EASTERN
- 11 LONDON
- 12 SOUTH WESTERN
- 13 SOUTHERN
- 14 SOUTH EASTERN



- b that each Area Board and the Generating Board shall consider any conclusions, reports or representations notified by a Consultative Council and that Council may, after consultation with the relevant Board, make representations to the Electricity Council on matters arising thereout;
- c that, where it appears to them that a representation made under b above discloses a defect in the general plans and arrangements of a Board, the Electricity Council may, after consultation with the Consultative Council and the Board, give such advice to the Board as they may think fit for remedying the defect.
- vi A Consultative Council may, after consultation with the Electricity Council, make representations to the Secretary of State, who may, after consultations, give directions to a Board for remedying any defect in its general plans and arrangements that may have been disclosed in the representations from the Consultative Council.
- vii The position in Scotland is as set out above, with the difference that there is no intermediary process of making representations to the Electricity Council. References to the 'Generating Board' are not appropriate to Scotland, since the two Scottish Boards both generate and distribute electricity.
- viii The terms of reference of the Electricity Consumers' Council are:
 - a to consider any matter affecting the interests of electricity consumers in England and Wales (generally or of a particular class) including supply of electricity, variation in tariffs, supply of goods and fittings, provision of other services and facilities, which has been the subject of a report or representation by a Consultative Council or which appears to them to be a matter to which consideration ought to be given;
 - b where action appears to them requisite on such matters, to notify their conclusions to the Electricity Council;
 - c to consider and report to the Electricity Council on any matter referred to them by the Electricity Council;
 - d to consider and report to the Secretary of State on any matter referred to them by the Secretary of State;
 - e to consider any information given to them by the Electricity Council with regard to their general plans and arrangements for exercising and performing their functions in relation to the supply of electricity;
 - f to make representations to the Electricity Council in respect of any such plans and arrangements;
 - g to make representations, after consultation with the Electricity Council, to the Secretary of State on any matters which have been considered by them.
- ix The effect of these provisions is that the Councils have a role in handling the complaints and enquiries of individuals, as well as in considering policy issues on behalf of consumers generally. In 1980/81, the Consultative Councils collectively dealt with some 21,000 complaints. Over half (60%) were about electricity accounts and similar matters and 36% about retailing and contracting services etc. Given the independence of the Scottish Boards from the Electricity Council and the degree of autonomy enjoyed by the English and Welsh Area Boards, the Consultative Councils consider a broad range of policy issues from major questions of pricing and tariff changes to very specific, local operational matters. Examples include: easy payment schemes, debt collection procedures, maximum resale price of electricity, service and repair charges, billing frequency, meter-reading schemes and

TUCC Boundaries & BR Regions



monitoring the implementation of the code of practice on disconnections. The role of the Electricity Consumers' Council is to represent the interests of all users in England and Wales at the national level to the Electricity Council and Central Electricity Generating Board. Issues dealt with recently by the Council include: pricing strategy, energy conservation, generating capacity and plant margins, 'pay-as-you-go' facilities and reviewing the code of practice on disconnections.

- x More detailed information on the resources and workload of the Councils is given at Table 2 at the end of this Annex.

3 COAL

i There is a Domestic Coal Consumers' Council (established under the Coal Industry Nationalisation Act 1946); it is a national body, with no regional sub-structure. Its members are appointed by the Secretary of State, after consultation with bodies representative of consumers of coal, coke and manufactured fuel and bodies representative of persons engaged in the sale or supply of solid fuel for domestic purposes. The Chairman is appointed on a part-time basis (notionally one day per week) and is not paid a salary, but receives a daily attendance allowance of £26.00. The Deputy Chairman and other members are unpaid, but may claim travel and subsistence and loss of earnings allowances.

ii The Council's statutory functions are:

to consider any representations made to them by domestic consumers on the sale or supply of coal, coke or manufactured fuel or any matter which appears to the Council to merit consideration.

It is able to report and make recommendations to the Secretary of State for Trade or for Energy on any matter within its field of competence.

iii These statutory functions are less extensive than those of other NICCs; the Domestic Coal Consumers' Council's work is, in practice, rather different. It takes up policy issues, related to the cost, quality and availability of solid fuel, but it is less involved than other NICCs in complaints handling. The majority of complaints about solid fuel which are not directly resolved between customer and supplier are handled by the 11 regional panels of the Approved Coal Merchants Scheme (ACMS). The ACMS brings together the National Coal Board, wholesalers and retailers of coal, together with a representative of the Domestic Coal Consumers' Council. The ACMS defines minimum standards to be upheld by coal merchants and deals with customer complaints. In addition to the 11 regional panels, there is a National Panel on which the Chairman of the Domestic Coal Consumers' Council sits as assessor. In the last resort, the Domestic Coal Consumers' Council can arbitrate when agreement cannot be reached between the ACMS and a complainant.

4 RAIL AND FERRY TRANSPORT

i There is a Central Transport Consultative Committee with 11 Area Transport Users' Consultative Committees (established under the Transport Act 1947, but now governed by the Transport Act 1962 as amended). These Committees cover transport and other services and facilities provided by British Rail, together with the internal ferry services of the Scottish Transport Group. There are no local committees.

ii There is no statutory upper or lower limit on the number of Area Transport Users' Consultative Committees, except that there must be separate Committees for Scotland and Wales. Nor do the present boundaries of the areas served by the Committees match the boundaries of British Rail's five operating Regions.

iii Appointments to the Committees are made by the Secretary of State. There are no statutory limits on the size of the Area Committees. The Central Committee consists of a Chairman, the Chairmen of

the Area Committees and up to six other members. Chairmen are appointed on a part-time basis (notionally 1 day per week) and are paid £3,350 per annum (Central Committee) and £2,675 per annum (Area Committees). Other members are unpaid but may claim travel and subsistence and loss of earnings allowances.

- iv The statutory functions of the Central Transport Consultative Committee are:
 - a to consider and, where it appears desirable, make recommendations about any matter, *except charges*, affecting the services and facilities provided by the Board, which has been the subject of representations to the Committee *or* which the Secretary of State has referred to it *or* which the Committee decide they should consider;
 - b to submit a report on any such matter to the Board and to the Secretary of State.

The Secretary of State may, on receipt of a recommendation from the Committee, give the Board such directions as he thinks fit with respect to the matters referred to in the recommendation.

- v The statutory functions of the Area Transport Users' Consultative Committees are essentially the same as those set out above, except that the Area Committee must also consider objections by users to proposals to withdraw rail passenger services from any line or station. The Scottish Committee can also consider proposals for withdrawal of services by the Scottish Transport Group in respect of internal ferry services.
- vi The Committees deal both with complaints by individuals and with more general policy issues. But the emphasis of their work is very much on policy; the Committees collectively dealt with less than 2,000 complaints from individuals in 1980. Policy issues considered recently by the Central Committee have included: train and station catering services, refurbishment of rolling stock, reduced fare policy, train punctuality, carriage of accompanied bicycles and conditions of carriage of express parcels. The Area Committees have considered revisions to timetables, station facilities, car-parking facilities, passenger information services and county public transport plans.

5 POSTS AND TELECOMMUNICATIONS

- i There is a Post Office Users' National Council, with separate Country Councils for Scotland and Wales (all three bodies were established by the Post Office Act 1969). There is no structure of regional councils or local committees, but the Councils do receive advice and assistance from, and make a small financial contribution towards, the network of nearly 200 Post Office Advisory Committees, which are voluntary and non-statutory bodies, often under the sponsorship of Chambers of Commerce or Trade or of local authorities.
- ii Appointments to the Councils are made by the Secretary of State after consultation. The National Council consists of a Chairman, the Chairmen of the Country Councils and up to 29 other members. The Country Councils consist of a Chairman and up to 24 other members. Council Chairmen are appointed on a part-time basis (notionally 2 days per week for the National Council and 1 day per week for the Country Councils) and are paid £6,025 per annum (National Council) and £26.00 per day's attendance (Country Councils). Other members are unpaid, but may claim travel and subsistence and loss of earnings allowances as appropriate.
- iii The duties of the National Council are:
 - a to consider any matter relating to the services provided by the Post Office and British Telecommunications in the UK which is the subject of a representation made to the Council by, or on behalf of, a user *or* which appears to the Council to be one to which it ought to give consideration;

- b if it considers that action ought to be taken with respect to any such matter, to give notice of that fact and of the action that the Council thinks should be taken to the Secretary of State and to the Post Office or British Telecommunications as appropriate;
- c to consider and report on any matter relating to Post Office or British Telecommunications services which is referred to it by the Secretary of State or the Post Office or British Telecommunications;
- d to consider any matter referred to it by a Country Council and to transmit to the Secretary of State, the Post Office or British Telecommunications, as appropriate, and the Country Council its observations thereon.

- iv The duties of Country Councils are as at a-c above but restricted to services in that Council's area of the UK.
- v The Post Office and British Telecommunications are obliged to consult with the National Council before putting into effect any major proposals relating to any of their main services so as to affect users.
- vi The Councils have both a complaints handling and a policy role. The vast majority of complaints (16,800 out of 18,800 in 1980/81) are dealt with by the National Council. On the policy side, the National Council has recently involved itself in questions of postal and telecommunications tariff increases, postal delivery arrangements, relaxation of Post Office monopolies, London postal system problems, delays in providing or repairing telephones and the introduction of Codes of Practice on service quality and compensation. The Country Councils deal with issues specifically related to their areas, such as internal mail collection and delivery arrangements, use of air services for bulk mail transport, direct despatch of overseas mail, provision of telephone kiosks and shared-line policy.
- vii More detailed information on the resources and workload of the Councils is given at Table 2 at the end of this Annex.

Note: The bodies discussed in Sections 1-5 above are those that are normally classed as the Nationalised Industry Consumer Councils; Sections 6-8 below look at the arrangements in sectors which are not covered by such Councils

6 BUS TRANSPORT

- i Bus services are provided by the National Bus Company (NBC), the Scottish Bus Group (SBG), the London Transport Executive (LTE), the Passenger Transport Executives (PTEs), municipal operators and private sector companies. The SBG is a part of a nationalised industry, the Scottish Transport Group. The LTE is a public authority, established by the Transport (London) Act 1969, with a Chairman appointed by the GLC and members appointed by the GLC in consultation with the Chairman; it provides passenger transport (bus and tube) within, to and from Greater London. The PTEs were set up under the Transport Act 1968 and are jointly responsible with the Passenger Transport Authorities (PTAs) for providing co-ordinated public transport in the 6 English Metropolitan Counties and in Greater Glasgow. The PTAs (the Metropolitan County Councils in England and Strathclyde Regional Council in Scotland) appoint the members of the PTEs and have financial and policy control. The PTEs operate some services directly, but also enter into agreements with the NBC and British Rail. There are 51 municipal bus operators, ie services directly controlled by local authorities.
- ii In 1979, the public sector operators provided nearly all the stage services and had a substantial share of the express market. This could change, given the greater degree of competition allowed by the Transport Act 1980. The lifting of restrictions on express services in particular has already stimulated

an increase in private sector activity in this market. The market shares of the various operators of stage and express bus services are shown below; the figures are for 1979 and are quoted on three different bases:

a by passenger journeys; b by vehicle kilometres; c by passenger receipts.

TABLE 1

Operator	Share of Stage Service Mkt			Share of Express Service Mkt		
	a %	b %	c %	a %	b %	c %
LTE	19	12	15	—	—	—
PTEs	31	22	27	—	1	1
Municipals	15	11	12	2	—	—
NBC	27	41	35	21	51	53
SBG	5	8	8	2	7	9
Total Public	97	94	97	25	59	63
Private Operators	3	6	3	75	41	37
All Operators	100	100	100	100	100	100

The entry '—' means nil or negligible, ie less than ½%

iii Although there is no single consumer council or similar body covering all bus users, there is a range of bodies which can represent user interests.

Local Authorities

iv County Councils* have statutory responsibilities to co-ordinate transport policy in their areas. Shire Counties are required, under the Transport Act 1978, to prepare public transport plans, and in the process are required to consult among others:

'transport user organisations and others appearing to the County Council to be especially concerned with public passenger transport matters'.

No such requirement is placed on Metropolitan Counties, but each of these counties, in its role as PTA, is responsible for the policies and budgets of the PTE. Under the 1968 Act the PTA and PTE have a joint duty to secure a properly integrated and efficient system of public passenger transport for their area. County Councils also have a right to make representations to Traffic Commissioners (see below) in respect of proposed stage carriage services and to appeal against decisions of the Commissioners. Local authorities are therefore involved in a continuous dialogue with both bus operators and the public.

* In Scotland — the Regional and Island Councils

Transport Users Advisory Committees (TUACs)

v These are non-statutory bodies set up in Metropolitan Counties* by the PTA and PTE. Each English PTE has at least one TUAC. Their terms of reference and membership vary. Their primary role is to consider and advise on local policy affecting public passenger transport, although they do receive representations from users. Membership largely comprises County or District Councillors, but other bodies are represented, eg the Transport Users' Consultative Committee is represented on the West Midlands TUAC.

County Passenger Advisory Committees (CPACs)

vi The CPACs, non-metropolitan counterparts to the TUACs, were proposed in the White Paper on the Nationalised Industries (Cmd. 7131), published in March 1978. The SCNI, in its pre-legislative hearings in 1979, recommended that CPACs should be established for every county by legislation. This was not taken up and, as far as is known, no counties have yet set up CPACs.

London Transport Passengers Committee (LTPC)

vii The LTPC covers the whole of LT and is the Greater London equivalent of a TUAC; the main differences are: that the LTPC is a statutory body, that it is debarred from considering either fares or permanent closure of stations (the latter being a matter for the London TUCC) and that its membership is more widely drawn than most TUACs. Of its 28 members, 26 are GLC appointees and 2 are co-opted by the LTPC; of the GLC appointees, 9 are London Borough nominees, 2 are GLC nominees and 14 are drawn from names submitted in response to public advertisement. There has, in the past, been close co-ordination between the LTPC and the London TUCC, but the position is less satisfactory now that the Chairman of the LTPC no longer sits on the TUCC.

Traffic Commissioners

viii The statutorily independent Traffic Commissioners are responsible for administering the bus licensing system in the 11 traffic areas covering England, Scotland and Wales. Although their powers were reduced by the Transport Act 1980, they remain responsible for ensuring that operators (whether providing long distance or local services) are competent to run and maintain safe vehicles. They also retain regulatory control, through road service licensing, of the provision of 'stage carriage' services outside London (where other arrangements apply). In considering whether or not to grant a road service licence, Traffic Commissioners are required to take into account the implications of a particular service for the public interest, and to consider any relevant objections or representations, including ones from consumer representatives or individuals. The Commissioners also deal with a wide range of customer complaints in cases where the passenger has not received satisfaction from the operator, covering such matters as safety of vehicles, reliability of services and behaviour of crews.

The Transport Users' Consultative Committees

ix For two years after the closure of a rail service, the TUCCs have 'oversight' of replacement bus services. They have no other role in respect of buses.

7 AVIATION

Air Transport Users Committee (AUC)

i The AUC was established by the Civil Aviation Authority (CAA) in 1973, both to assist it in its duty to safeguard the interests of airline users and to handle complaints against airlines by individual

* In Scotland — Strathclyde Region

travellers. Although it was originally closely associated with the CAA, not least by common chairmanship, it was decided in 1978 to make the AUC more autonomous, with its own chairman, non-CAA membership and separate offices. The CAA continues to appoint and finance the AUC, but this arrangement is not directly comparable with the 'in house' advisory groups that we discuss elsewhere, because the CAA is primarily a regulatory body for the aviation sector, rather than a nationalised industry. The AUC is not a statutory body, but does have statutory backing in the sense that the Civil Aviation Act 1971 imposed on the CAA a duty to further the reasonable interests of air transport users, in which task the AUC assists it. There is, therefore, some similarity between the status of the AUC and that of the Electricity Consumers' Council. However, the other facet of AUC work, as watchdog of the airlines, is very different from that of the other NICCs, in that British Airways is the only UK public sector body amongst the airlines and that is, in any case, to be privatised in due course.

Airport Consultative Committees (ACCs)

- ii The British Airports Authority (BAA), which is responsible for Heathrow, Gatwick, Stansted and the four Scottish airports, is obliged by Section 2(8) of the Airports Authority Act 1975 to provide adequate consultation facilities for aerodrome users, local authorities and representatives of local interests. The ACCs are financed and their chairmen appointed by the BAA. Their remit goes rather wider than that of a purely user body, since it covers eg the interests of airlines (in their role as airport users) and the environmental impact of airports. In response to a perceived need for a purely user voice, Passenger Service Groups have been established, which deal specifically with those aspects of access to, and facilities at, BAA airports which directly affect passengers. Under Section 8(1) of the Civil Aviation Act 1968, the Secretary of State can designate airports for consultative purposes; this has been done in respect of, for example, the large local authority run airports at Luton, Manchester and Birmingham. These airports, too, have ACC arrangements involving representation of airport users.

British Airways

- iii As well as coming (in common with other airlines) under the auspices of the AUC, British Airways has its own internal consumer representation system.

8 WATER

England and Wales

- i The Water Act 1973 established, with effect from 1 April 1974, ten Water Authorities (WAs): 9 English and 1 Welsh. The Government's original intention had been to have one or more consumer consultative councils for each WA, made up of representatives of local authorities, domestic and industrial users, farmers, etc. In the event, it was decided not to proceed with this but instead it was arranged that a majority of WA members should be appointed by local government. Rather than being small management bodies, as at first envisaged, some WAs have large memberships (up to 62 on the largest).
- ii The intention in 1974 was that there would be three strands of consumer representation:
 - the local authority representatives on the WA itself would, amongst other things, express the consumer's voice;
 - the officers of the WA would handle individual complaints;
 - WAs would form local advisory committees, composed of WA representatives and others with an interest in water provision.

- iii The Act left formation of local advisory committees to the discretion of the WAs, and only one has elected to set up a formal system of committees for each of its divisions.
- iv There has been pressure for reform of this structure. The NCC pressed for the creation of a National Water Consumers' Council and have also pressed for the inclusion of consumer representatives on WAs. The MMC report on Severn-Trent WA recommended a reduction in the size of the Authority's membership and set out criteria for effective consumer representation through a separate consumer body.
- v The Secretary of State for Wales has laid an Order before Parliament reducing the membership of the Welsh Water Authority from 35 to 13, and removing the power of local authorities to appoint members to the Authority. The Secretary of State will himself appoint 4 members to represent their interests. He is also to ask the Authority to set up five local consumer advisory committees covering district council areas approximating to the various WWA divisions or combinations of them. The various consumer interests will be represented on these committees, the membership and functions of which will be laid down in guidelines drawn up by the Welsh Office in consultation with the interests concerned. These arrangements will be reassessed in the light of the outcome of this review.
- vi In some areas, water supply (but not other water services — sewage, land drainage, etc) is carried on for the WA by one of the 28 statutory water companies; there is no consumer representation provision in respect of these companies.

Scotland

- vii The position in Scotland is different. There are no WAs; water provision, sewage disposal, etc, remain direct responsibilities of local authorities. There appears to be general satisfaction with these arrangements.

TABLE 2: DATA ON EXISTING NICC STRUCTURE

	Cost to Central Govt in 1980/81 £000*	Members: Statutory limits†	Members: In post at 31 March 1981‡	Staff: Complement	Number of local c'ttees	Number of complaints received †	Meetings per annum
Domestic Coal Consumers' Council	82	No limits	16	2	N/A	N/A: dealt with by ACMS	4
National Gas Consumers' Council	)	20 - 30	25	)	N/A	N/A	6
Scottish GCC	)	20 - 30	27	)	5	2,871	4
Northern GCC	)	20 - 30	21	)	4	2,624	4
North Eastern GCC	)	20 - 30	21	)	4	866	4
North Western GCC	)	20 - 30	22	)	4	3,779	4
Wales GCC	)	20 - 30	22	)	8	1,666	4
West Midlands GCC	) 1500	20 - 30	24	) 103	6	2,921	6
East Midlands GCC	)	20 - 30	26	)	6	1,705	4
Eastern GCC	)	20 - 30	24	)	4	3,001	4
North Thames GCC	)	20 - 30	24	)	4	2,896	5
South Eastern GCC	)	20 - 30	25	)	4	3,279	4
Southern GCC	)	20 - 30	24	)	6	1,232	4
South Western GCC	)	20 - 30	21	)	8	1,191	3
Electricity Consumers' Council	)	No Statute	24	)	N/A	N/A	7
North Eastern ECC	)	20 - 30	26	)	7	545	6
Yorkshire ECC	)	20 - 30	24	)	7	1,571	4
North Western ECC	)	20 - 30	24	)	8	3,094	6
Merseyside & N Wales ECC	)	20 - 30	22	)	6	1,052	4
South Wales ECC	)	20 - 30	15	)	4	1,829	5
Midlands ECC	) 1130	20 - 30	21	) 74	5	1,476	6
East Midlands ECC	)	20 - 30	26	)	6	812	4
Eastern ECC	)	20 - 30	23	)	4	2,555	6
London ECC	)	20 - 30	17	)	5	2,613	7
South Eastern ECC	)	20 - 30	24	)	4	1,132	4
Southern ECC	)	20 - 30	25	)	4	1,597	4
South Western ECC	)	20 - 30	24	)	4	838	4
ECC for South of Scotland	)	20 - 30	30	)	9	1,433	5
ECC for North of Scotland	) 139	20 - 30	29	) 8	5	582	5
Central Transport Consultative Committee	)	See text	14	)	N/A	N/A	4
Scotland TUCC	)	No limit	14	)	N/A	309	4
Wales TUCC	)	No limit	12	)	N/A	104	4
North East TUCC	)	No limit	13	)	N/A	106	4
North West TUCC	)	No limit	17	)	N/A	228	6
Yorkshire TUCC	) 486	No limit	11	) 31	N/A	151	5
East Midlands TUCC	)	No limit	14	)	N/A	85	4
West Midlands TUCC	)	No limit	13	)	N/A	81	4
East Anglia TUCC	)	No limit	11	)	N/A	69	5
London TUCC	)	No limit	19	)	N/A	481	5
South East TUCC	)	No limit	14	)	N/A	128	4
South West TUCC	)	No limit	16	)	N/A	137	4
Post Office Users' National Council	)	Up to 30	20	)	N/A	16,797	8
POUC for Scotland	)	Up to 25	20	) 23	N/A	1,275	4
POUC for Wales	) 318	Up to 25	19	)	N/A	750	6

* Figures for cost to Central Government are estimates of outturn; they include expenditure by the Department of Trade, Property Services Agency and the Treasury Valuer.

† Figures for complaints handled are for the latest annual report period of the NICC concerned, and exclude those dealt with personally by voluntary members.

‡ National Chairmen and, where appropriate, Regional Chairmen are counted as members of National Councils.

REFORM WITHIN THE EXISTING STATUTORY FRAMEWORK

1 This Annex identifies those changes which are suggested in Annex C which could be made *without* new legislation. There would be no NICC coverage of water or buses.

First Tier: The National Councils

2 The five separate National Councils would continue as at present although possibly with membership towards the lower end of any statutory limits as follows:

NGCC	20-25
ECC	15-20
DCCC	c 15
CTCC	7-13
POUNC	15-20
TOTAL	c 85

3 Although the Councils would be separately staffed, the possibility of their sharing accommodation and support services could be examined. Other forms of inter-Council contact, such as programmes of Chairmen's meetings, would also be promoted. No increase in staff numbers is envisaged.

Second Tier: Regional Councils

4 Given the terms of the existing legislation, the second tier structure for the electricity and posts and telecommunications NICCs would remain as at present. This constraint, however, does not apply to the TUCCs or the Regional GCCs.

5 As under the 'Sectoral' option, the boundaries of the TUCCs could be matched more closely to the BR Regions. This would reduce their number from 11 to 6; the areas of coverage would be as described at Table 3. Although the geographical coverage of each of the English TUCCs would be doubled, there appears to be no case for larger and less wieldy memberships of Councils. The size of the secretariats of the English TUCCs would vary, but there would be no overall increase in staff numbers.

6 The number of Regional GCCs in England could be reduced from 10 to 4, but they would probably not have the same geographical coverage as the 'Utilities' NICCs shown in Table 3. A more likely division would be:

New GCC Area	BGC Regions covered	Location of GCC Headquarters
Scotland	Scotland	Edinburgh
Wales	Wales	Cardiff
North England	Northern N Eastern N Western	Manchester
Midlands	E Midlands W Midlands	Birmingham
S E England	Eastern N Thames S Eastern	London
S W England	Southern S Western	Bristol

As with the TUCCs, the size of the individual GCCs and the overall staff numbers should remain virtually unchanged.

Relationships between the First and Second Tiers

7 The proposals in paragraphs 13 and 14 of Annex C do not require legislation and could be implemented under this option just as well as under the 'Sectoral' NICC option. However, they would be more relevant to the NGCC and CTCC than to the unreformed ECC.

Third Tier: Local Representation

8 The need for local representation for gas and electricity, to provide grass roots contact with consumers, is not in question. The existing system of committees, however, is considered to be over elaborate and wasteful in terms of the voluntary effort being provided. Some reappraisal is required.

9 The new GCCs in England would in any case need to submit new schemes for local representation. Some reform would certainly be needed, since retention of the existing committee structure would lead to an unworkably large number of committees — 12 to 14 per region.

10 The Scottish and Welsh GCCs, together with all the Area ECCs, could be invited to reappraise their own schemes.

11 The different approaches for local representation described in paragraphs 19–21 of Annex C would be equally appropriate to this option.

Functions, priorities and controls

12 Although the non-legislative option would not offer the opportunity to bring the governing statutes of the NICCs closer into line, it would be desirable for the Government to issue guidance on the ways in which it believed NICC performance could be improved: eg by use of the 'customer audit' approach, by more widespread training, more effective complaints records, etc.

13 It would also be possible to bring the framework of control and accountability of the NICCs into line with the arrangements set out in *Non-Departmental Public Bodies: A Guide for Departments*.

'SECTORAL' NICCS

1 This Annex describes a possible sectoral NICC structure, ie the second option discussed in paragraphs 48–51. It would permit the inclusion of the National Bus Company, the Scottish Bus Group and the Water Authorities.

First Tier: The National Councils

2 There might be three National Councils:

A 'Utilities' Council	covering gas, electricity and coal and possibly water; with perhaps 20–30 members and a staff of about 25
A 'Transport' Council	covering rail and ferries and possibly the nationalised bus operators; with a membership of 15–20 and some 15 staff
A 'Communications' Council	covering the Post Office and British Telecommunications; with say 15–20 members and 20 staff.

3 The staff shown ought to be sufficient to enable each National Council to employ a small pool of professional personnel (with accountancy, economics, statistics and legal expertise), capable of advising the Regional Councils and of undertaking research.

4 Where practicable the Councils would share accommodation and support services; where not, they would encourage other close contacts. At the top, this might take the form of a regular programme of meetings for the Chairmen and Deputy Chairmen, analogous to those of the Nationalised Industries Chairmen's Group; also possibly involving the Chairman of the NCC.

5 Appointments to the National Councils (and to Regional Councils) would continue to be made by Ministers. The objective would be to obtain a mix of members with specialist interests in individual industries with nationalised industry affairs as a whole and with consumer affairs generally. Members would, of course, be of the standing necessary to maintain a policy dialogue with Board Members and senior management of the industries. Regional Council Chairmen could continue to be ex-officio members of National Councils. The workload of the National Chairmen and members would be greater than at present; unlike the present situation, some part-time paid Deputy Chairman might be needed.

Second Tier: The Regional Councils

6 The 'Utilities' and 'Transport' NICCs might each have four English Regional Councils together with Scottish and Welsh Councils. The regions could be defined by reference to the industries' regional responsibilities rather than by precise geographical boundaries of their own. Details of a possible regional scheme are shown in table 3.

7 The new Regional Councils, too, would have a heavier workload. There would almost certainly need to be specialisation within the Councils. Thus in addition to regular meetings of the full Council, 'specialised' members (probably supported by third tier members — see paragraph 19 below) would probably need to meet Regional Board members and senior regional management of their industries regularly, say quarterly. Even if a Council worked mainly through sub-committees a NICC region covering possibly 3 BGC regions, 3 Electricity Boards and 2 WAs (as might England North and East) would require both a substantial total Council membership and a considerable time commitment from each member. Assuming a Regional Council membership of about 20, members would probably have to devote at least 1½ days a month to NICC business. The burden on Regional Council Chairmen would be greater and on the 'Utilities' Chairmen almost certainly more than the present notional 2 days a week.

8 The 'Communications' NICC is less likely to require a full Regional Council structure. This is partly because both posts and telecommunications are industries where cost and quality of service are determined largely by the effectiveness of the total system; and partly because of the existence of the POACs. The POUCs for Scotland and Wales appear to have a specialized country role and would be maintained.

9 The numbers of staff needed are more difficult to forecast, particularly for the 'Utilities' NICC: they would depend on the volume of complaints, the degree of staff involvement in complaints handling, and the secretariat support needed by second (and, possibly, third) tier committees. Assuming that regional staff continue to receive most complaints and to pursue some of these direct with management, but that a substantial proportion, if not a major part, of the actual case work was carried out by third tier representatives, particularly the difficult cases, it seems possible that complements of the order of the following might be adequate:

'Utilities' NICC	Scotland	c 10
	Wales	c 5
	England (N & E)	c 15
	England (N & W)	c 20
	England (S & E)	c 25
	England (S & W)	10-15
		c 90
'Transport' NICC	Scotland	5
	Wales	5
	E England	5-10
	N W & Midlands	5-10
	W England	10
	London & SE	5
		c 40
'Communications' NICC	Scotland	2
	Wales	2
		4
		130-140

10 This amounts in all to about 200 staff, compared with an existing complement of 241. If, of course, a new structure generated greater interest in, and use of, the NICCs more staff would almost certainly be needed. Another major source of uncertainty is, naturally, the number of complaints about water and buses that the NICCs might receive.

11 Table 3 envisages sharing of offices by the 'Utilities' and 'Transport' NICCs permitting some common services, eg reproduction facilities. Sub-offices might be required to provide a more local contact point for consumers, handling not only general enquiries and complaints but also undertaking local promotional work. Such offices could also provide a meeting point for members. This would still result in a saving in accommodation costs over the present arrangements and could reduce the potential increase in travel and telephone costs.

12 While the work of the new Regional Councils might be similar to that of the present Regional NICCs, its scope could be wider eg for inter-regional or inter-industry comparisons about the speed and effectiveness of complaint handling, cost containment and the like. Comparative studies of disconnections of supply, or of the supply of coin operated meters, etc could prove illuminating and help bring all regions of all industries up to the standard of the best region of the best industry.

Relationships between the First and Second Tiers

13 With the considerable increase in the authority of the *English* Regional Councils, closer co-operation between National Councils and regions seems desirable so as to encourage the country-wide application of common standards. Possible approaches include:

increased contacts between National Council Chairmen/members (other than Regional Chairmen) and the Regional Councils/third tier on their work;

greater use of National Councils as a forum for resolving the most intractable individual and general complaints;

a measure of consultation with National Councils about the budgets of Regional Councils, or even giving the National Councils prime responsibility for proposing regional budgets;

secretaries of National Councils assuming line management responsibilities for regional secretaries.

14 The *Scottish* and *Welsh* Councils require a greater degree of autonomy. The *Scottish* Councils in particular, would be dealing with some different nationalised industries from their English and Welsh counterparts and greater discretion to determine their own priorities and argue their own case for resources could be appropriate.

Third Tier: Local Representation

15 The main *raison d'être* for the third tier would be that it should be capable of providing genuinely local contact points for handling complaints and giving guidance. It ought to be possible so to arrange matters that sufficient, but not excessive, work of a worthwhile character to attract unpaid volunteers emerged. The formality of the system should, however, be slimmer, less costly and less time-consuming than the existing structure of local committees.

16 Whether or not local representatives specialized in a particular industry would depend on local circumstances and be decided largely by Regional Councils. Doubtless some local representatives would be willing and able to deal with complaints about both gas and electricity or about rail and bus services.

17 It seems likely that an 'Energy' Council could require at least 600 local representatives to function effectively for Great Britain as a whole. For a 'Utilities' Council the figure would probably be upwards of 900. A 'Transport' Council might require say, 200-300, if buses were included; if buses were not included, it is doubtful whether any local representatives would be needed.

18 To take the England (N & E) Regional 'Utilities' Council as an example, the third tier structure might comprise *three* local committees based on the NICC Regional office and the two sub-offices; or *eight* local committees based on the three BGC regions, the three Electricity Boards and the two WAs; or *fourteen* local committees based on the fourteen counties covered by the region. The larger the number of such committees the smaller their membership will need to be to be economical of time and effort.

19 A completely different approach can be envisaged which dispenses with local committees. Instead, organised by Regional Councils, local representatives would have a programme of regular meetings with industry region management which they would attend when they had cases to raise, supplemented by informal get-togethers, say by county, to compare notes and to consider guidance issued by, or requests for advice received from, regional HQs. The variants on this theme are many. For example a substitute for the foregoing would be a programme of formal meetings with industry local management, supplemented by less frequent, informal meetings at regional HQ and sub-offices which combined training with a more general opportunity to exchange views. A formal local committee structure might prove highly effective in a relatively small region, but probably less so in a very large region.

20 There are about 100 CABx and 20 CACs in the region; some or all of these might be willing to act as venues for meetings of local representatives or, indeed, to replace the work of individual representatives.

21 If variety depending upon local circumstances and initiative are to be encouraged Regional Councils might be required to agree their third tier structure with their National Councils. At present Ministers are required formally to approve local representation arrangements. In practice such proposals are seldom questioned. It is arguable whether such approval should still be sought. An alternative to Ministerial endorsement would be for Government to issue, or to endorse National Council, guidelines for determining

third tier structures. Such guidelines might also cover more general topics such as support for local representatives from colleagues and from staff; ways of keeping Regional and National Councils informed of 'grass roots' opinion; the introduction of high, and uniform, standards of complaints handling and recording.

22 For the 'Communications' NICC the position is rather different since the 200 POACs are autonomous, voluntary bodies. One question that arises is whether POACs should continue to receive some financial support from the NICC.

TABLE 3: 'SECTORAL' NICCS

NICC STRUCTURE	INDUSTRY REGIONS TO BE COVERED BY NICC			LOCATION OF NICC OFFICES	
	British Gas Corporation Regions	Area Electricity Boards	Water Authorities	Location of NICC Headquarters	Possible NICC Sub-Offices
'Utilities' NICC					
Scotland	Scotland	S of Scotland N of Scotland	None	Edinburgh or Glasgow	Inverness
Wales	Wales	Merseyside & N Wales (part) S Wales	Welsh	Cardiff	North Wales
England North and East	Northern N Eastern E Midlands	N Eastern Yorkshire E Midlands	Northumbrian Yorkshire	Leeds	Newcastle Loughborough
England North and West	N Western W Midlands	N Western Merseyside & N Wales (part) Midlands	North West Severn-Trent	Manchester	Birmingham
England South and East	Eastern North Thames S Eastern	Eastern London S Eastern	Anglian Thames Southern	London	Ipswich
England South and West	Southern S Western	Southern S Western	Wessex S West	Bristol	Exeter
'Transport' NICC	BR Regions	National Bus Company Subsidiaries			
Scotland	Scotland	None: will cover the SBG		Edinburgh or Glasgow	
Wales	London-Midland (part) Western (part)	Crosville (part) South Wales National Welsh Jones		Cardiff	North Wales
East England	Eastern (outside the London area)	Northern United Yorkshire Woollen West Riding Yorkshire Traction E Yorkshire W Yorkshire E Midland Mansfield District Lincolnshire Trent Midland General Eastern Counties United Counties Eastern National		Leeds	Newcastle
N West and Midlands	London-Midland (part)	Cumberland Ribble Crosville (part) Potteries Motor Traction Midland Red Oxford S Midland		Manchester	Birmingham
W England	Western (part)	Bristol Hants and Dorset Devon General Western National Alder Valley		Bristol	Exeter
London and South East	Southern + London area	Gosport and Fareham Southern Vectis Southdown Maidstone District East Kent London Country		London	

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2

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2 December 1981

Dear Secretary of State

CONSUMER INTEREST IN THE NATIONALISED INDUSTRIES

requested

On 13 August I circulated to colleagues directly concerned a copy of the draft of our consultative document on consumer representation in the nationalised industries.

....

The final text of the document has now been agreed interdepartmentally and I propose to publish it before Christmas - our target date is December 15 - as a Departmental consultative paper, with a personal foreword. I enclose a copy of the latter. I will circulate copies of the final version of the paper itself as soon as possible: the text will be the one circulated on 13 August, amended of course as agreed in our recent correspondence and, on some points of detail, as agreed between Departments concerned at official level.

On December 3 we have to answer an oral question about the NICC review put down in the House of Lords by Baroness Burton. We plan to make clear in our reply that we intend to publish a consultative paper before Christmas.

I am sending copies of this letter to the Prime Minister and the Chief Whip; to all members of E(EA); and to David Howell, Jim Prior, Janet Young, and Sir Robert Armstrong.

Yours sincerely

Peter McCarthy

for SALLY OPPENHEIM (Approved by the Minister & signed in her absence)

CONSUMERS' INTERESTS AND THE NATIONALISED INDUSTRIES—
A CONSULTATIVE DOCUMENT

FOREWORD BY THE MINISTER OF STATE FOR CONSUMER AFFAIRS,
DEPARTMENT OF TRADE

This paper is mainly about, and results from an extensive review of, the work of the nationalised industry consultative and consumer councils and committees — the NICCs. We have looked closely at their present role and at the whole range of options for re-shaping: from complete abolition to leaving them exactly as they are. I am quite clear not only that the protection afforded by the NICCs is still needed but also that they must be made more effective and compact. They may possibly need restructuring. The Consultative Document explores how that might be achieved.

The NICCs must command the confidence of consumers. The whole structure must appear more accessible and be seen to be wholly independent. Above all the NICCs must get, and be seen to get, practical results. In particular they need to provide an expert and effective complaints-handling service, easily accessible and known to and trusted by consumers. I attach very high priority to this because it is where the NICCs can most clearly help those who need them.

I myself am quite convinced that we need to reduce the number of NICCs but increase their authority; that they should spend more of their available time and resources on pursuing the concrete problems of customers and less on broad policy issues; and that the arrangements should be such that Councils can resist being deflected from pursuing improvements by assertions like 'That can't be done' because they know full well that what they are seeking in one region is already standard practice in another; and so on. Of course, respondents to this paper will have many broad and detailed suggestions to make. For example, consideration of complaints-handling naturally opens up questions of accessibility and the use of devices like Freefone, Freepost, complaints boxes on railway stations, participation in radio 'phone-ins' and the like.

This Consultative Document necessarily concentrates on the broad framework and other major issues. It suggests two possible reforms: a major re-structuring involving amalgamations; and more modest reform, mainly of the Gas and Transport NICCs. My colleagues and I do not want to make major change for its own sake. If we are to undertake a major re-structuring we shall need to be fully satisfied that the long-term benefits justify the new legislation needed.

I claim no monopoly of new ideas about reforms. I seek particularly observations on those we suggest in this paper. But I am very ready indeed to consider any proposals which are aimed at achieving the objectives set out in paragraph 29. I very much look forward to getting a substantial response especially from those who work in or with the NICCs. The present NICC arrangements have served us well for over 30 years. I am looking for new ones which will do even better and last a long time. I need to draw upon the experience and advice of all interested parties to achieve that.

SALLY OPPENHEIM

December 1981

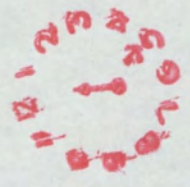
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**Consumer Affairs Division
Department of Trade
Room 2521
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Comments should reach the Department no later than 15 March 1982



22 DEC 1981





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With the Compliments of

J.M. Whitlock.

Copy of final revise of DOT
Consultative Document on Consumer
Representation in the Nationalised
Industries, as requested in your
phone call earlier today to Mrs
Oppenheimer's Office.

2.12.81

CS 31



FINAL REVISE 2.12.81

(Embargoed to 11.00 am 15 December 1981)

DEPARTMENT OF TRADE

**Consumers' Interests and the
Nationalised Industries-
A Consultative Document**

Department of Trade

LONDON
1981

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CONSUMERS' INTERESTS AND THE NATIONALISED INDUSTRIES—
A CONSULTATIVE DOCUMENT

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CONTENTS

	<i>page</i>
I INTRODUCTION	1
II THE EXISTING STRUCTURE	2
III PRESENT PERFORMANCE	5
IV OPTIONS FOR REFORM	9
i Functions and priorities	9
ii Powers	11
iii Scope	11
iv Structure	13
v Membership	16
vi Training, Staffing, Accommodation, Funding, etc	16
vii Relationships with other bodies	17
Annex A Existing arrangements for representing nationalised industries' consumers	21
Annex B Reform within the existing statutory framework	35
Annex C 'Sectoral' NICCs	37

I INTRODUCTION

1 In May 1979 the Government announced that it was to review the 44 nationalised industry consultative and consumer councils and committees (the NICCs) in Great Britain*. There were three main reasons for doing so.

2 First, many nationalised industries enjoy a considerable degree of immunity from the free play of the market and are not under the same pressure as private sector companies to promote efficiency, contain costs and act responsively towards customers. The Government has introduced legislation wherever possible to remove or reduce statutory monopolies and other barriers to competition and in some cases to enable the sale of shares in industries. Where nationalised industries are not or cannot be exposed to market forces, the Government has established a framework of financial and other disciplines, including references under s11 of the Competition Act, to act as a substitute or proxy. The NICCs are part of this machinery, representing customer views direct to management, stimulating the industries to become more responsive and taking up customer complaints. The Government needed to satisfy itself that this was being carried on as effectively as possible.

3 Second, the Government is determined to wind up all non-Departmental public bodies which have served their purpose and to ensure that those which remain achieve high standards of economy, efficiency and effectiveness. The NICCs are funded entirely by the taxpayer through Central Government and require large numbers of Ministerial appointments. It was thus clearly right to consider whether the complex NICC structure of national, regional and local councils and committees is still justified. Although there has been some piecemeal evolution over the past 30 years, the basic structure dates from the time when the industries were first nationalised.

4 Third, a number of reports during the 1970s, notably by the Select Committee on Nationalised Industries (SCNI), the National Consumer Council (NCC) and 'Justice', while generally appreciative of the NICCs, were critical in a number of respects.

5 The time was thus clearly ripe for a review of the NICCs, the twin objectives of which were summed up in the *Report on Non-Departmental Public Bodies* (Cmnd. 7797): 'A review is in progress of the existing set-up with the aim of replacing this by something smaller and more effective' (p118).

*Northern Ireland has been dealt with separately.

II THE EXISTING STRUCTURE

6 The 44 NICCs cover the gas, electricity, coal, rail and ferry transport, and posts and telecommunications industries. All except the Electricity Consumers' Council (ECC) are statutory bodies, working within a framework set by the nationalisation legislation of 1945–50. They involve almost 1,000 Ministerial appointments. (The Regional gas and electricity NICCs in addition make some 2,200 appointments to their local committees, which formally are not NICCs.) The NICCs are serviced by a permanent staff of about 240. Their total cost was £3.7m in 1980–81.

7 The *gas* consumer bodies comprise a National Gas Consumers' Council (NGCC); 12 Regional Councils (reflecting the geographical structure of the British Gas Corporation (BGC)) and 63 local committees*. The *electricity* consumer structure similarly mirrors that of the electricity supply industry. For England and Wales there is an ECC, 12 Consultative Councils and 64 local committees*; there are two separate Councils, with 14 local committees*, each covering one of the two Scottish Electricity Boards. *Rail and ferry transport* has a Central Transport Consultative Committee (CTCC) and 11 Area Transport Users' Consultative Committees (TUCCs). The geographical coverage of the regional (and local) bodies is determined by the geographical responsibilities of the regional organisations within the nationalised industries.

8 The Post Office Users' National Council (POUNC) deals nationally with *posts and telecommunications*. There are separate but subordinate Councils (POUCs) for Scotland and Wales. There is no formal sub-structure but the Councils obtain advice from local Post Office Advisory Committees (POACs), some of which receive modest Government support. *Coal* has a single national council, the Domestic Coal Consumers' Council (DCCC). (Complaints are dealt with through the (private) Approved Coal Merchants Scheme (ACMS): see below.)

9 All the NICCs, save the ECC, have statutory functions, certain of which are broadly similar. In general they are required to consider any matters raised by consumers, Ministers or the industries themselves concerning the service and facilities provided by their respective industries (although the CTCC and TUCCs are specifically excluded from considering charges); they can pursue matters which appear to them to be worthy of consideration; and, where action appears to the Councils to be necessary on specific issues, they are required to notify their conclusions to the industry and/or the Minister. Local committee arrangements are established by the Regional Councils (who make appointments to them), subject to Ministerial approval.

*These committees are known variously as 'local', 'district' or 'area' committees.

10 The National Councils are primarily concerned with policy and strategic issues. They undertake a limited amount of research; in recent years a degree of co-operation between themselves and with other consumer bodies on joint projects has emerged. The relationship between national and regional bodies is a shifting and perhaps somewhat uneasy one. Some central co-ordination of the second tier activities is achieved by membership of the National Councils of Regional Council chairmen. At the regional level policy issues also feature prominently as do complaints. The prime function of local committees is settling complaints but they in turn also spend time discussing national and regional issues. The majority of the complaints dealt with by the local committees are received via the Regional Secretariat, although some are made direct to local committee members, particularly those who are well known locally. The Chairmen of local committees invariably sit on Regional Councils. Wide variation can be found in the way Regional Councils and local committees operate within the same NICC. For example, there are significant differences in the geographical 'density' of local committees.

11 Within this broad pattern there are considerable differences in emphasis from NICC to NICC. Handling complaints is an important part of the energy Regional Councils' work, but only a relatively minor part of that of the National Councils and of the TUCCs. POUNC has traditionally focussed on prices and quality of service although the national headquarters receives and deals with complaints. The DCCC members' role as consumer representatives on the panels of the ACMS has no parallel amongst the other NICCs. In part, these differences of approach reflect differences in the nature of the industries concerned: it is possible to remedy a defective appliance or mistaken bill, but not a single cancelled train or a late letter. In part, they reflect differences in structure, statutory powers and history.

12 Over the years complaints have become a more significant element in the work of the NICCs. Currently between them they handle about 70,000 complaints from consumers who have sought, but failed to obtain, satisfaction from the industries. Nevertheless the findings of NCC surveys suggest that complaints to the NICCs are only the tip of the iceberg. Many go to Citizens' Advice Bureaux (CABx) and other agencies. But many people simply do not complain at all because they feel it pointless to battle with large, powerful corporations; or are unaware of the appropriate NICC; or believe NICCs are off-shoots of the industries themselves.

13 The NICCs do not cover London Transport Services*, buses, water or aviation. London Transport has its own consumer arrangements; those for buses are primarily in the hands of local authorities. In England and Wales local authority nominees provide the majority of the members of Water Authorities (WAs) with the job, inter alia, of bringing to

*Except as regards proposed permanent closure of underground lines

bear the views of water users. The provision of water in Scotland is a direct responsibility of local authorities. Aviation is subject to the general oversight of the Civil Aviation Authority (CAA) which has an Air Transport Users' Committee (AUC) to advise it. There are also Airport Consultative Committees (ACCs) covering British Airports Authority (BAA) and the larger local authority airports.

14 More detailed information about all these bodies is given in Annex A.

III PRESENT PERFORMANCE

15 When the NICCs were first established in 1945–50, there was little pre-war experience of nationalised industries on which to draw. Many of the enterprises had been in municipal hands. The NICCs were intended essentially to meet concern that in the new state monopolies the interests of management and employees might over-ride those of consumers; and to give local authorities a special continuing role in respect of the gas and electricity industries. The NICCs have had to evolve their detailed activities and working methods in response to the major changes in the industries and society as best they could within the basic structure set them, with only limited advice or guidance from Government on priorities and functions.

16 Against this background it is helpful to apply the tests proposed in paragraph 24 of Cmnd. 7797 to assess the performance of and need for non-Departmental public bodies.

'Are the functions being carried out well and economically?'

17 Reports by the SCNI, the NCC and 'Justice' conclude that the NICCs do much good work. The gas and electricity NICCs in particular often resolve varied problems of complainants when the industries themselves have failed to do so. They have played an important role in influencing 'middle management' policies, for example, in relation to area electricity tariffs, monitoring the codes of practice on disconnections and regional rail timetabling. They have made a sensible – though not decisive – contribution to strategic national issues, such as pricing and investment.

18 These reports also make a number of criticisms. The most important are:

- a the NICCs are not well enough known to consumers;
- b they are not cost-effective in dealing with customer complaints;
- c they are, or appear, insufficiently independent of the industries;
- d they are ineffective when raising policy matters, being too often ignored by the industries and Government.

19 The first two are related and, in spite of better self promotion (notably by the NGCC) in recent years, have some validity. Lack of awareness of the NICCs and of the help they can offer means that they are less used and, hence, each complaint costs more to resolve than it might. Moreover, the NICCs are not always sufficiently effective in dealing with customer complaints.

20 As regards NICC independence, there is a delicate balance to be struck between establishing working relationships with industry and preserving autonomy. In practice, in some areas, the NICCs appear to have managed to achieve it. We do not believe that they defer unduly to, or accept uncritically the views of, industry management though in the handling of complaints they sometimes give that impression. The appearance of independence is as important as the fact. Any suspicion that NICC-industry relations are too 'cosy' is damaging to the NICCs: their views are taken less seriously and complainants are less likely to seek their help. There are practices, such as Area ECC Chairmen sitting on Area Electricity Boards and the staffing of TUCC secretariats with seconded BR employees, which detract from the appearance of independence, even though they may help the NICCs develop better understanding of, and closer relationships with, the industry. More generally there is a case for reviewing the one-to-one NICC-industry relationships. We return to these points later.

21 The criticism that the NICCs are ineffective when raising policy matters is less valid. On non-financial policy questions, such as the development of codes of practice on disconnection of energy supplies or on Post Office compensation, they have achieved a great deal. Their contributions on financial policy questions, such as CEGB forecasting of costs or postage rates, have also carried weight. These are areas where the consumer view has to be balanced against the potentially conflicting interests of the taxpayer and of the economy as a whole. The NICCs are certainly not ignored by the industries or Government, but their voices cannot be decisive.

22 As regards the economical performance of their functions, scope clearly exists for improving cost-effectiveness. For example, by rationalising the complex structure of committees: many third tier local committees, in particular, fail to exercise their 'grass roots' representative function and over-concentrate on general discussion of issues resolved elsewhere. These issues are dealt with more fully in Chapter IV.

'Are the functions best carried out by the NICCs rather than by other means?'

23 The work of a number of other organisations complements, and sometimes duplicates, that of the NICCs, but no single body could replace any one of the NICCs. For example, the Monopolies and Mergers Commission (MMC) and the NCC can consider national and regional policy issues, but not on the same continuing basis as the NICCs; nor can they handle complaints. The CABx handle many complaints, but do not take up major policy issues. Organisations such as the Mail Users' Association, the National Association of Rail Passengers, or the Electrical Association for Women (to name only a few), cover much the same field as that of the NICCs, but they neither represent all consumers nor enjoy the statutory authority of the NICCs.

24 Collectively such bodies could replace much of the work of the NICCs. If the NICCs disappeared, complainants would turn to the CABx and other agencies and the Government could continue to bring a consumer voice to bear on national policy issues by enhancing the role of the NCC and making increased use of references to the MMC under s11 of the Competition Act 1980. However, this could not be regarded as an improvement on the NICC system. The complaints handling service would be diminished: for example, the geographical coverage of the CABx is far from even; their 10,000–12,000 mainly voluntary staff have considerable familiarity with the complex financial problems of clients that can lead to gas or electricity disconnections, but also draw on the industry expertise and contacts of the NICCs; nor would the increased workload be welcomed by the CAB movement or any of the other organisations who would receive complaints formerly handled by the NICCs. Again, with the possible exception of the transport sector, there would be a significant loss of ‘consumer’ input at the ‘middle management’ level. Lastly, the dispersal of NICC functions around a range of different bodies would itself be damaging: complaints-handling and policy roles are closely related, since complaints patterns will indicate trends of consumer dissatisfaction with industry policies.

25 Central Government could itself theoretically assume the NICCs’ functions, but this is undesirable on a number of counts. The Government cannot have a ‘partisan’ consumer voice; nor could it easily take up local complaints and policy issues; lastly, it would be unacceptable to replace unpaid or part-time paid members of the Councils and their local committees by full time civil servants.

‘Are the functions being carried out essential? Or, if not, are they valuable enough to justify the time and money spent on them?’

26 Notwithstanding the nationalised industries’ own considerable efforts to become more responsive, we believe, for the reasons given in paragraph 2, that the present NICC functions are still required. The system is unique in combining an independent machinery for resolving customer complaints with the monitoring of ‘middle management’ policy and practice which affects quality of service and with the ability to comment on strategic areas of national policy. Complaints handling is of particular importance and the function from which consumers derive the most immediate benefit, but (as noted in paragraph 24) these various functions are mutually reinforcing.

27 There is, additionally, the all-important factor of customer expectations. These are high and, rightly or wrongly, the nationalised industries are felt not to meet them. Moreover, not only do many users feel powerless in their dealings with the industries, they may actually have more limited legal rights of redress than in their dealings with private firms. In short, there is a gap to be bridged between customer and nationalised industry and the NICCs are needed to bridge it.

28 The cost of the NICCs, whilst small in relation to the turnover of the industries they cover, is nevertheless substantial. The time spent on NICC work by the 3,000 or so unpaid members is considerable. The NICC functions may well justify the time and money spent on them, but one major aim in any reform must be to improve the service they offer and to make more effective use of their resources.

Conclusions

29 In short we firmly believe that there is a need for the NICCs, or something like them, and that they could not satisfactorily be replaced by another existing body or bodies. It is also evident that there are defects in the existing system and, consequently, the NICCs cannot be left as they are. What is needed is reform – not major changes of role and function, but rather greater clarity of purpose, better ordering of priorities and a slimmer, more professional machinery. The objectives of such reform can be summarised more specifically as follows:

- a to promote a more effective system, particularly in the field of complaints handling;
- b to produce arrangements that are better known to, and more readily understood by, consumers;
- c to enhance NICC independence from the industries;
- d to create fewer, smaller and more authoritative Councils.

IV OPTIONS FOR REFORM

30 This chapter identifies seven key areas in which changes might be sought which would fulfil the objectives in the preceding paragraph. Reforms which would require primary legislation are distinguished from those which could be effected within the existing statutory framework. The Government would only contemplate legislation if it were decided to carry out a major restructuring of the NICCs; it does not believe that legislation would be worthwhile or justified simply to make minor changes.

31 The areas considered are:

- i functions and priorities
- ii powers
- iii scope of industry coverage
- iv structure
- v membership
- vi training, staffing, accommodation, funding, and the like
- vii relationships with other bodies.

i Functions and Priorities

32 The NICCs do not always exercise their functions as well as they might. Their priorities also appear to require some revision. For example:

- a The efficient handling of complaints should be a main priority for all NICCs. National Councils, of course, need only become directly involved in individual cases infrequently, but they should at all times regard themselves as responsible for the way complaints are handled at regional and local levels and where they give rise to questions of national policy on the part of the industry concerned. There is scope, for example, for agreeing with the industries concerned that individual cases or groups of cases should serve as precedents, information about which could be widely disseminated, to save time in handling subsequent similar problems; this would be one part of the general promotion of inter-NICC and intra-NICC exchange of experience on complaints handling. A prerequisite for improvement in this direction is the maintenance of better and more standardised records, an aspect of Regional Secretariat work that appears neglected.
- b Constructive NICC scrutiny of, and comment on, price proposals is at the same time difficult and sensitive from many points of view. The setting of financial objectives and external financing limits are matters between the Government and the industries. Yet undoubtedly the public regard prices

as one of the most important, if not the most important, field in which the customers' watchdogs should be active. Without encroaching upon the role of management (or of Government) it ought to be possible for the NICCs to supply a critical but constructive input in relation to costs. Indeed in the financial area the NICCs' most important function at national, and possibly regional, level probably ought to be in seeking 'value for money' and to be seen to be doing so. POUNC are currently exploring with the Post Office the possibility of conducting a 'customer audit', under which they would analyse the relative movements in price and quality of service, seeking explanations of any changes noted. The Centre for Policy Studies, too, have commended the idea of a 'value-for-money audit' although their approach differs from that of POUNC. Other NICCs might usefully consider this approach, assuming their industries already have, or could collect, quality of service data amenable to such analysis.

- c NICC impact on both industry management and the public must be fostered. This — again — requires a delicate balance. The NICCs are not executive bodies; only management can effect change. But an important objective of the NICCs must be constructively to assist this. Present relationships between the NICCs and industries are close and valuable. For example, industry representatives frequently participate in meetings of local committees. But the way in which these relationships operate at present varies widely from body to body and careful examination is needed to determine the practices most likely to promote both close co-operation and NICC independence. There are other ways in which the punch of the NICCs might be increased, without either radical change in the organisations or major new expenditure: eg by improved use of the media and other institutions. Advertising is expensive, but regional and local publicity (in particular) ought to be obtainable without unfairly criticising the industries — indeed opportunities for co-operative activity may exist.

33 The examples in the previous paragraph are, of necessity, limited and couched in general terms. It is clear that the Government ought to give clear, if broad, guidance to the NICCs on what it sees as their proper functions and priorities. This would, almost certainly, be best done by open, published guidelines, rather than by detailed law, though some form of Parliamentary scrutiny and approval could be considered. Matching expressions of expectations of the industries (eg about the provision of information) might also be helpful in some cases. Reference to this is made elsewhere in the paper and in Annexes B and C.

ii Powers

34 The Government does not consider that any major change is needed in the statutory powers and duties of the NICCs. Their success in resolving complaints owes nothing to such powers and duties; nor would changes here make their voice on policy matters more forceful. The objective must rather be to foster further the co-operative endeavour between the NICCs and nationalised industry management which has developed over the years, bearing in mind that the key to effective and constructive action by the NICCs is access to information relevant to their functions.

35 If legislation were introduced, it would of course be for consideration whether the present diverse statutory rights of the NICCs should be made somewhat more uniform. The Government does not however believe that this should involve giving the transport NICCs the ability to comment on rail fares, which they are statutorily precluded from doing at present. It has been the policy of successive Governments that BR should be free to set prices which attract custom at a market level. British Rail is subject to direct competition from other forms of transport, especially on their main trunk routes. Such competition has been increased by the Transport Act 1980. It should not in these circumstances be necessary to introduce an outside scrutiny of railway fares.

36 A separate issue (alluded to in paragraph 10) which arises is the relationship between the National and Regional Councils. It is possible that arrangements which gave National Councils greater oversight of Regional Councils might be beneficial. The aim would be better co-ordination without reducing the Regional Councils to satellite status. Here again the issue of guidelines, rather than rules with the force of law, might be the most effective way of achieving the right mixture of authority and independence.

iii Scope

37 The NICCs provide only part of the arrangements for directly promoting the interests of the consumer. Mention has been made, for example, of the separate arrangements regarding London Transport and the role of local authorities in relation to buses. For the most part they would probably not be improved by being brought within the centrally financed NICC structure. It is for consideration, however, whether some might be, for example, the English Water Authorities and the Welsh Water Authority, the National Bus Company (NBC) and the Scottish Bus Group (SBG).

38 *Water services* (ie principally water supply, sewerage and sewage disposal and land drainage) are provided by the 10 Water Authorities (WAs). In areas covered by the 28 statutory water companies (SWCOs) the WAs' water supply duties are discharged through the companies. There is no consumer representation provision in respect of SWCOs. The

Monopolies and Mergers Commission's report on Severn-Trent Water Authority published in June 1981, said that when the rights of local authorities to nominate a majority of the members of the Authority were established under the Water Act 1973 it was hoped that this would enable consumer interests to be adequately taken into account when the policies of the Authority were being determined, but it was clear that these hopes had not been satisfactorily fulfilled. The Commission recommended a substantial reduction in the size of the membership of the Authority, which should not be based predominantly on local government representation, and put forward criteria for effective consumer representation in the water industry: a separate consumer body for Severn-Trent's area sufficiently large (somewhere between 50 and 100 members) to extend the link with local government and also provide more straightforward representation of local consumer interests as well as representation of other bodies such as the CBI, TUC, Chambers of Commerce and recognised consumer groups. The Government is consulting separately on the future membership of Regional Water Authorities and will be looking at the position of the water industry in relation to this review. Following consultation the Secretary of State for Wales has now laid before Parliament an Order varying the constitution of the Welsh Water Authority and is proposing the setting up of local consumer advisory committees.

39 *Civil aviation* involves a very large number of organisations, some in the public sector, many in the private. Any journey by air brings the passenger in contact with a number of them (eg customs, immigration, catering concessionaires, airlines and surface transport authorities) and, if he or she is dissatisfied, more than one may be at fault. A consumer council constituted to deal only with complaints about nationalised industries or the public sector would be able to deal only with a small proportion of those which might arise in civil aviation. Machinery already exists to represent customer interests in this area. It has generally worked well in the past and should continue to do so. The AUC advises the CAA on its statutory duty to safeguard the interests of airline users; this includes the investigation of individual complaints against airlines. The representation of air travellers' interests at airports, on the other hand, is best handled by the ACCs, which have been set up at all airports of any size, and whose responsibilities also include consideration of the interest of other parties affected by the airport, such as airlines and cargo handlers, local authorities and organisations representing the local community. The strength of the present Consultative Committees lies in their ability to consider all aspects of an airport operation.

40 *Bus services* are provided by a range of bodies: two nationalised industries (the NBC and SBG); London Transport; 7 Passenger Transport Executives (PTEs); some 50 municipal bus companies; and a host of private firms. Among the public sector providers of bus services, London Transport and the PTEs already have consumer bodies and the municipal operators' policies can be prominent issues in local politics. It can be argued that the NBC and SBG are relatively immune to consumer pressure. However, bus services differ from most other services provided by nationalised industries: the NBC and SBG together provide

less than half the bus services in the country and they have been exposed to competition from the private sector by the Transport Act 1980. The problems met by individual bus users are almost always essentially local matters which can be taken up with the management by County or (in Scotland) Regional Councils. Recourse may also be had to the Traffic Commissioners where complainants have not received satisfaction from the bus operator. Against this background there must be doubt whether NICC scrutiny of that part of the bus industry which is nationalised would significantly strengthen existing safeguards for bus users.

41 There is lastly the question whether NICCs should cover all the activities of nationalised industries or only those where a monopoly or near-monopoly exists. The Government accepts* that genuinely competitive services of otherwise monopolistic nationalised industries need not be formally subject to NICC scrutiny, so long as customers are not likely to be confused by this. However, the Government would not wish to promulgate complex legislation, primary or secondary, to remove marginal activities of industries from NICCs' remits; this is an area where the exercise of common sense by all parties should be sufficient.

iv Structure

42 The two structural options most likely to meet the objectives identified in paragraph 29 are as follows.

a Reform without legislative change

43 The first is to leave the statutory base unchanged: there would continue to be a separate NICC for each industry at national level, but the regional structure would be slimmed down where appropriate. For example, the number of Regional Gas Consumers' Councils in England might be reduced from 10 to 4. Each would then have oversight of 2 or 3 BGC Regions. (Scotland and Wales would each continue to have their own Councils.) The effect would be to raise the status of each Council, enhancing the impact on both the public and the industries. The distancing of the Councils from their industries would promote independence and would enable each Council to compare one Region's practice with another; they would be in a much better position to form, and promote, ideas of 'best practice' in the industry: some Regions are quite markedly better than others at settling disputes, in fixing and keeping to appointments by meter-readers and service staff, in implementing the codes on disconnections, etc. By judicious use of publicity, the Council could bring each Region up to the standard of the best. Apart from this decrease in numbers of Councils, there would be scope for economies of scale in complaints handling and for revising the schemes of local representation, as described in paragraph 45. The enhanced

*As in the British Telecommunications Act

status of the Councils might well offset the increased difficulty of attracting high-calibre members which the heavier burden of work might generate.

44 The Area TUCCs could also be reformed. The aim here would be to create TUCC Regions that matched as closely as possible the 5 British Rail operating Regions. This would enable each Committee to consider the varying user requirements and system constraints on route 'corridors', which comprise inter-city, local and commuter services. The normal level of TUCC access to BR would be raised from Divisional to Regional management; the same benefits of increased status would accrue as in the case of the Regional Gas Consumers' Councils.

45 The number of Area ECCs could not be reduced in this way, because they are statutorily linked to the Area Electricity Boards. Nor, given the 'federal' structure of the electricity industry, is the case for merging Area ECCs quite so strong as for the Gas Councils. However, for both gas and electricity, the number of local committees could be reduced with the co-operation of the NICCs. The twin aims would be to make local contacts as accessible as possible to consumers, whilst reducing the burden of duplicative formal meetings of committees. Other forms of local representation and contact points might be evolved, eg CABx, CACs or local correspondents with Freefone access to the Regional Council's Secretariat, having an organic relationship between themselves and with the Regional Councils different from the present one.

46 The existing NICCs could also be helped informally to seek improved performance. The Government for example, might examine the scope for encouraging, through the publication of guidelines, the NICCs to work towards greater co-operation among themselves; closer co-operation with the CAB movement, other consumer bodies and local authorities on training of staff and members; exchange of information, rationalisation of complaint handling and recording procedures with improved feed-back from local members; etc. It is illustrative of what might be done that many NICCs have no arrangements for training newly appointed members. In none of this would the Government wish to impose a uniform pattern nor work towards such improvements without the closest consultation with those with experience in the field. The changes that could be made without legislation are described more fully in Annex B.

47 In sum, such reforms could reduce the number of NICCs from 44 to 33 and the number of Ministerial appointments from almost 1000 to about 750, whilst offering the NICCs an opportunity to present a more authoritative and coherent consumer voice.

b Reforms requiring new legislation

48 The second option is broadly to amalgamate the present energy NICCs (gas, electricity and coal) and possibly bring within the same body consumer representation in

respect of water, thus creating a 'Utilities' NICC. A separate NICC structure might be retained covering BR and the ferries as at present, but with the possible addition of the nationalised bus services. A third NICC, 'Communications,' would have the same field of responsibility as the existing POUNC (and POUCCs) – posts and telecommunications. This would create a coherent set of 'sectoral' arrangements. There is sufficient similarity between the problems arising in the different utilities – particularly gas and electricity – for them to be handled by a single body at national level. Some internal specialisation would be required, which should be possible with Councils of manageable size and adequate support staff, but this would not reduce the much improved opportunity for inter- as well as intra-industry comparisons and promotion of 'best practice'.

49 The 'Utilities' and 'Transport' National Councils would each be supported by Regional Councils and local representation, with the same industry coverage as the national bodies. The thinning out described in paragraph 43 in respect of gas would apply to the 'Utilities' Council as a whole – ie it too would have 4 English Regional Councils as well as separate Councils for Scotland and Wales. Local representation would normally be amalgamated (see paragraph 45), but separate specialisations could be considered. This, together with adoption of the Transport reforms suggested in paragraph 44, would result in a very much slimmer organisation than under the first option. The Regional Councils and local representatives would, of course, continue to handle middle management issues and probably receive the bulk of complaints. This more radical approach would reduce the number of NICCs by almost two-thirds to about 17 and the number of Ministerial appointments to say 350. Regional Councils would also need 'internal' specialisation and an increased burden on appointed members must be acknowledged. Some Councils might require more than one office, the sub-office dealing largely with complaints and local promotional work. The concentration of centres ought to avoid increasing staff numbers. Better training and organisation hold out the hope of an improvement in effectiveness.

50 Sub-regional arrangements would still be required to provide local contact between consumers and the NICCs. As suggested in the first option this could take a variety of forms, including the present type of local committee. The general aim would be to harness local contacts and representation both to the enhanced expertise and influence of the Regional Councils and their staffs while at the same time encouraging, through direct contact, the continued local settlement of many individual issues. Annex C refers to the possibility of sectoral NICCs sharing accommodation and support services at Regional HQs and sub-offices (along the lines illustrated in Table 3). These offices could form well-publicised complaint centres, with distinctive Post Office box numbers or postcodes, and with expert staff capable of handling (directly or by reference to other agencies) the whole range of consumer complaints with nationalised industries.

51 Adoption of this second option would, of course, require legislation, which the Government would not be willing to introduce unless it were fully satisfied that the advantages – a more authoritative and streamlined structure than under the first option – outweighed any possible disadvantages. The Government has, however, considered this option carefully and concluded that, given NICC members of the right calibre and commitment, this is both a workable and potentially highly effective structure. Annex C describes in detail how this might appear.

v Membership

52 Experience suggests that smaller Councils work more effectively than larger ones. The optimum size for the average energy NICC appears to be about 15–20 members; the TUCCs and POUCs could be slightly smaller, say 12–15. Nominations for NICCs are currently drawn from a wide range of bodies so as to obtain a balance of consumer interests and expertise. This process of trawling widely could be further widened. For example, the experience of past and present local authority members is invaluable as is their high public profile, but it is questionable whether, in any new machinery, local authorities should have a fixed quota of members on particular Councils. Local authority members of Gas Councils must by law be serving members of local authorities, which appears unduly restrictive. There could be more encouragement of self-nomination and wider sponsorship by bodies not directly approached by the Government. Legislation would be required to effect most of these changes.

53 Appointments to NICCs proper are made by Ministers; members of local committees are appointed by the NICCs themselves. Only Chairmen of National and Regional Councils are paid appointments. Reducing the number of appointments made by Ministers seems better achieved by reducing the number and size of bodies, rather than by further delegation. Centralised appointment-making is probably more economical, more likely to promote uniform standards and more widely tap sources than decentralised machinery and thus preferable except where the need for local selection is overwhelming.

vi Training, Staffing, Accommodation, Funding, etc

54 The scope for introducing, separately or collectively, some form of training programme for Council members and local representatives, possibly in conjunction with other organisations active in the consumer field, has already been mentioned. It is equally applicable to both structural options, as are most of the comments in the following paragraphs.

55 National and Regional Councils are served by a permanent staff often recruited or seconded from the industry concerned; their terms and conditions of employment are generally fixed by reference to that industry. Regional Secretariats service local committees, which have no staff of their own.

56 The number of staff varies considerably between NICCs even within the same industry. The possibility of a national staffing structure, more open recruitment and greater uniformity in pay and gradings requires close examination. There are obvious geographical and other obstacles to the establishment of a nation-wide service but interchange between NICC staff would promote the cross-fertilisation of ideas and experience and could help bring about a more consistent approach to the handling of common issues.

57 Because the NICC organisation relies on part-time members the Secretariats play a major role in determining both the overall efficiency of particular Councils and, in particular, the way in which complaints are handled. It is not to denigrate the work done by present staff to stress that the staff of NICCs must be as 'professional' as possible and that at the national level (particularly if the sectoral approach is adopted) pools of staff with legal, accountancy, economic and other skills are desirable. For Regional staff, training in complaints handling and in communication skills would seem appropriate. It does not necessarily follow that the NICCs would need to set up their own expensive training facilities.

58 Some rationalisation might be achieved through common occupation of premises and a pooling of facilities such as typing. Under the Sectoral NICC option it should be possible for regional bodies to share premises. Joint occupancy would assist the improvement of communications between the various NICCs mentioned earlier. Examination, possibly by the NICCs themselves, with some outside assistance, of the possibility of improving methods of handling paperwork, reducing and rationalising the production of annual reports, etc, would be profitable. The aim of such an examination would be three-fold: to cut out waste; to promote effectiveness; and to increase public awareness of the NICCs' services. For example it might be desirable for the constituent Councils of the NICC covering one industry to dispense with separate regional reports without noticeable loss of regional autonomy, and concentrate upon making a single, more substantial, national report. At the other extreme, standardised complaint forms might be available at gas and electricity showrooms, post offices, stations etc for first stage complaint-making. National Councils, and particularly the Secretaries thereof, should regard the efficient operation of the Regional tier as a direct responsibility.

59 The NICCs are paid for by the taxpayer. They must be fully accountable, therefore, for the effective, economical and efficient use of the public money allocated to them. To this end, the Government will continue to exercise the necessary financial and other controls over the NICCs. This framework of control and accountability will be in line with the arrangements set out in *Non-Departmental Public Bodies: a Guide for Departments* (HMSO, October 1981).

vii Relationships with other bodies

60 One of the agreed aims of the NCC is the promotion of consumer representation in the nationalised industries. The NCC usually includes among its members individuals who,

while not representing the NICCs as such, are serving NICC Chairmen. There has grown up recently a measure of common thinking between the NCC and the NICCs at national level and some joint projects have been undertaken with individual NICCs. The NCC also provides some training facilities for individual consumer representatives, including NICC members. Ways in which the NCC might more consistently help the work of the NICCs deserve consideration.

61 There is scope for fostering closer contact and co-operation with the *CABx* both on casework and on training. Even in cases where the *CABx* have the greater expertise, early involvement of the appropriate NICC can be to the advantage of all parties, particularly where there is any threat of disconnection of gas or electricity supplies.

62 It is highly desirable that the Transport NICCs establish good working relationships with the appropriate consumer bodies dealing with London Transport, the PTEs and the airports, ie *LTPC*, the *TUACs* and *ACCs*. This might best be achieved by cross-membership between *TUCCs* and such bodies and by occasional joint meetings to discuss bus/rail or tube/air passenger interchange and similar issues of common interest.

63 Last, but by no means least, there is the question of relations with the *industries* themselves. The need for close working has already been stressed, but there remains the question whether it is desirable that the NICCs have representatives on industry boards, as Area ECC Chairmen currently sit on AEBs.

Scotland

64 In Scotland, the Secretary of State for Scotland is responsible for appointing the members of the Electricity Consultative Councils for the North and South of Scotland Districts. This mirrors the particular responsibilities which the Secretary of State for Scotland has for the electricity industry, where the Boards are organised to provide both generation and distribution of electricity.

65 Should reform without legislation prove to be the preferred option, then there will be no unique problems in its application to the NICC structure in Scotland. If however the sectoral NICC solution is favoured, then full account would have to be taken of the Secretary of State for Scotland's responsibilities for the electricity supply industry and transport. The possible development of a separate structure for the utilities in Scotland would have to be explored. Hitherto, for instance, the Scottish ECCs have not come under the umbrella of the Electricity Consumers' Council and their relationship to any GB body —

or a possible Scottish alternative – would have to be considered. It might be necessary to recognise that the solution best suited to Scottish needs may differ somewhat from the course adopted in England and Wales. The views of relevant Scottish organisations on the matters raised in this Consultative Document will be sought by the Secretary of State for Scotland.

Summary

66 In paragraph 29 we concluded that the NICCs are still needed but that reform is desirable. We have examined a number of issues – functions and priorities; powers; scope of industry coverage; structure; membership; training, staffing, accommodation, funding and the like; and relationships with other bodies. The two central points on which further consideration should be focussed are the structural framework of the NICCs and their working methods.

67 As regards the structural framework, the options are:

- a *Limited reform without legislation.* This could involve a modest reduction in the number of existing NICCs but would not change their statutory responsibilities or the fundamental structure of the present system which is based on separate arrangements for each of the individual industries concerned.
- b *More substantial reform, which would require legislation,* designed to reduce significantly the number of individual NICCs (say from 44 to 17) and to concentrate their responsibilities in a new structure focussed on three broad industry groups covering energy, communications and transport. There might also be some changes in the NICCs' statutory responsibilities and some extension to the scope of the NICC machinery.

The Government would welcome views on these options. For example, would more concentrated (and potentially more influential) NICC machinery be too remote from the industries with which it dealt? Are there sufficient practical benefits to justify standardisation of the NICCs' statutory responsibilities? Should the industry coverage of the NICCs be widened, or are the interests of consumers best served in other ways?

68 Improvements in working methods would be possible under either structural option. The Government suggests these improvements might include: a greater emphasis on efficient complaints handling; wider use of the 'value for money audit' approach that POUNC have been developing; a willingness to experiment with less rigid forms of local representation; better communication between and within NICCs; more effective self-promotion by NICCs and closer liaison with bodies such as the NCC, CABx and TUACs; and more systematic training of staff and members. Views would be welcome on the scope for improvement (not necessarily involving legislation) in these and other areas.

EXISTING ARRANGEMENTS FOR REPRESENTING NATIONALISED INDUSTRIES' CONSUMERS

1 GAS

- i There is a National Gas Consumers' Council (established under the Gas Act 1972) together with 12 Regional Gas Consumers' Councils (established under the Gas Act 1948) * which match the operating regions of the British Gas Corporation. There is no statutory limit on the number of Regional Councils or their geographical coverage, save that there must be separate Councils for Scotland and Wales. The Secretary of State may vary the number of Regional Councils by direction. Each Regional Council has a duty to appoint committees or individuals to be local representatives; such appointments are made in accordance with a scheme, which is subject to the approval of the Secretary of State. There are at present 63 local committees.
- ii Appointments to the National and Regional Councils are made by the Secretary of State after consultation with such bodies as he thinks fit. In the case of the Regional Council, not less than two-fifths nor more than three-fifths of the members must be serving members of local authorities. The remainder are appointed to represent commerce, industry, labour and the general interests of gas consumers. Council Chairmen are appointed on a part-time basis (notionally 2 days per week) and are paid £6,025 per annum (National) and £4685 per annum (Regional). Deputy Chairmen and other members are unpaid, but may claim travel and subsistence and loss of earnings allowances.
- iii The statutory functions and obligations of the Councils are:
 - a to consider any matters affecting the interests of gas consumers (generally or a particular class) including supply of gas or gas fittings, variation of tariffs and provision of other services and facilities, which are the subject of a report or representation made by one or more consumers to the Regional Council or by the Regional Council to the National Council *or* which appear to them to be matters to which consideration ought to be given;
 - b where action appears to them requisite on such matters, to notify their conclusions to the British Gas Corporation;
 - c to consider and report to the British Gas Corporation on any such matter referred to them by the Corporation;
 - d in the case of the National Council, to consider and report to the Secretary of State on any such matter referred to them by the Secretary of State, *or* in the case of Regional Councils, to consider and report to the National Council on any such matter referred to them by the National Council.
- iv The British Gas Corporation is statutorily obliged:
 - a to inform the National Council of its general plans and arrangements for exercising and performing its functions in relation to the supply of gas and in particular any proposal to vary a tariff;
 - b to consider any reports or representations made by the Councils.
- v After consultation with the Corporation, the National Council may make representations to the Secretary of State who may issue directions to the Corporation thereon.
- vi The effect of these statutory provisions is that the Councils have a role in handling the complaints and enquiries of individuals, as well as in considering policy issues on behalf of consumers generally. In 1980/81 the Councils collectively dealt with 28,000 complaints. A little over one third (37%) related to sales and servicing of appliances; a further 13% to problems with central heating systems; disputed gas accounts and other charging issues accounted for 36%. On the policy side, the National

*Now governed by the 1972 Act

BRITISH GAS & GOC REGIONS

- 1 SCOTTISH
- 2 NORTHERN
- 3 NORTH WESTERN
- 4 NORTH EASTERN
- 5 WALES
- 6 WEST MIDLANDS
- 7 EAST MIDLANDS
- 8 EASTERN
- 9 SOUTH WESTERN
- 10 SOUTHERN
- 11 NORTH THAMES
- 12 SOUTH EASTERN



Council has recently dealt with gas tariff increases, long term pricing strategy, improvements in appliance quality control, energy conservation, wider sale of energy stamps and the code of practice on disconnections for non-payment of bills. The Regional Councils provide an input to National Council consideration of policy issues and also deal with regional matters, such as closure of show-rooms, keeping appointments for meter readings and service visits, supplies of spare parts and monitoring local implementation of the disconnections code of practice.

- vii More detailed information on the resources and workload of the Councils is given at Table 2 at the end of this Annex.

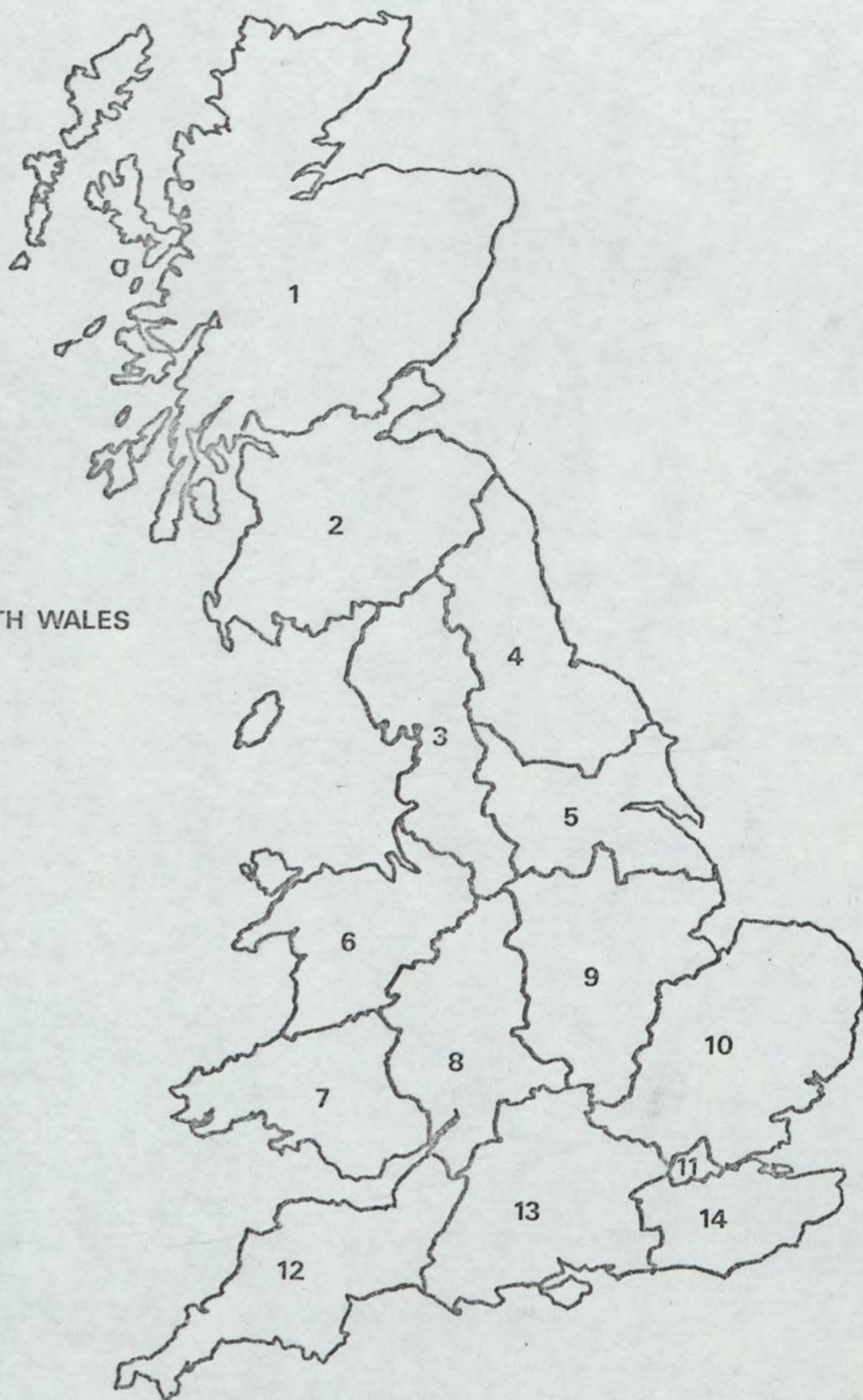
2 ELECTRICITY

- i There is a non-statutory Electricity Consumers' Council for England and Wales (established in 1977), together with 12 Area Electricity Consultative Councils (established under the Electricity Act 1947 as amended by the Electricity Act 1957); in Scotland there are two Consultative Councils, one each for the South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board (established under the Electricity Act 1947 as amended by the Electricity Reorganisation (Scotland) Act 1954). Unlike the Regional Gas Consumers' Councils, the Electricity Consultative Councils are statutorily linked to the Area Electricity Boards, on the basis of one Council for each Board.
- ii Each of the Consultative Councils has a duty to appoint committees or individuals to serve as local representatives; such appointments are made in accordance with a scheme which is subject to the approval of the Secretary of State. The English and Welsh Consultative Councils have, between them, 64 local committees; the Scottish Councils have 14.
- iii Appointments to the Electricity Consumers' Council and to the English and Welsh Consultative Councils are made by the Secretary of State for Trade. Appointments to the Scottish Consultative Councils are made by the Secretary of State for Scotland. In the case of the Consultative Councils, not less than two-fifths nor more than three-fifths of the members must be drawn from panels of persons nominated by local authority associations. The remainder are appointed to represent commerce, industry, labour, agriculture and the general interests of electricity consumers. Council Chairmen are appointed on a part-time basis (notionally 2 days per week) and are paid £6,025 per annum (Consumers' Council) and £5,620 per annum (Consultative Councils); a Consultative Council Chairman is an ex-officio member of his Area Electricity Board. Deputy Chairmen and other members are unpaid, but may claim travel and subsistence and loss of earnings allowances, as also may local committee members.
- iv The statutory functions and obligations of the Consultative Councils are:
 - a to consider any matter relating to the distribution of electricity in the area, including variation of tariffs and the provision of new or improved services, being the subject of a representation made to them by consumers (existing or prospective) in that area *or* which appears to them to be a matter to which consideration ought to be given;
 - b where action appears to them requisite on such matters, to notify their conclusions to the Area Electricity Board or to the Central Electricity Generating Board;
 - c to consider and report to the Area or Generating Board on any such matter referred to them by the Board.
- v The statutory obligations of the Boards and the Electricity Council are:
 - a that each Area Board shall inform the Consultative Council of its general plans and arrangements for exercising and performing its functions and the Council may make representations to the Board thereon;

AREA ELECTRICITY BOARDS AND ECCs

REGIONS

- 1 NORTH SCOTLAND
- 2 SOUTH SCOTLAND
- 3 NORTH WESTERN
- 4 NORTH EASTERN
- 5 YORKSHIRE
- 6 MERSEYSIDE & NORTH WALES
- 7 SOUTH WALES
- 8 MIDLANDS
- 9 EAST MIDLANDS
- 10 EASTERN
- 11 LONDON
- 12 SOUTH WESTERN
- 13 SOUTHERN
- 14 SOUTH EASTERN



- b that each Area Board and the Generating Board shall consider any conclusions, reports or representations notified by a Consultative Council and that Council may, after consultation with the relevant Board, make representations to the Electricity Council on matters arising thereout;
 - c that, where it appears to them that a representation made under b above discloses a defect in the general plans and arrangements of a Board, the Electricity Council may, after consultation with the Consultative Council and the Board, give such advice to the Board as they may think fit for remedying the defect.
- vi A Consultative Council may, after consultation with the Electricity Council, make representations to the Secretary of State, who may, after consultations, give directions to a Board for remedying any defect in its general plans and arrangements that may have been disclosed in the representations from the Consultative Council.
- vii The position in Scotland is as set out above, with the difference that there is no intermediary process of making representations to the Electricity Council. References to the 'Generating Board' are not appropriate to Scotland, since the two Scottish Boards both generate and distribute electricity.
- viii The terms of reference of the Electricity Consumers' Council are:
 - a to consider any matter affecting the interests of electricity consumers in England and Wales (generally or of a particular class) including supply of electricity, variation in tariffs, supply of goods and fittings, provision of other services and facilities, which has been the subject of a report or representation by a Consultative Council or which appears to them to be a matter to which consideration ought to be given;
 - b where action appears to them requisite on such matters, to notify their conclusions to the Electricity Council;
 - c to consider and report to the Electricity Council on any matter referred to them by the Electricity Council;
 - d to consider and report to the Secretary of State on any matter referred to them by the Secretary of State;
 - e to consider any information given to them by the Electricity Council with regard to their general plans and arrangements for exercising and performing their functions in relation to the supply of electricity;
 - f to make representations to the Electricity Council in respect of any such plans and arrangements;
 - g to make representations, after consultation with the Electricity Council, to the Secretary of State on any matters which have been considered by them.
- ix The effect of these provisions is that the Councils have a role in handling the complaints and enquiries of individuals, as well as in considering policy issues on behalf of consumers generally. In 1980/81, the Consultative Councils collectively dealt with some 21,000 complaints. Over half (60%) were about electricity accounts and similar matters and 36% about retailing and contracting services etc. Given the independence of the Scottish Boards from the Electricity Council and the degree of autonomy enjoyed by the English and Welsh Area Boards, the Consultative Councils consider a broad range of policy issues from major questions of pricing and tariff changes to very specific, local operational matters. Examples include: easy payment schemes, debt collection procedures, maximum resale price of electricity, service and repair charges, billing frequency, meter-reading schemes and

TUCC Boundaries & BR Regions

TUCC boundaries: ———

BR regions: ·····

- 1 Scotland
- 2 Eastern
- 3 London Midland
- 4 Western
- 5 Southern



monitoring the implementation of the code of practice on disconnections. The role of the Electricity Consumers' Council is to represent the interests of all users in England and Wales at the national level to the Electricity Council and Central Electricity Generating Board. Issues dealt with recently by the Council include: pricing strategy, energy conservation, generating capacity and plant margins, 'pay-as-you-go' facilities and reviewing the code of practice on disconnections.

- x More detailed information on the resources and workload of the Councils is given at Table 2 at the end of this Annex.

3 COAL

- i There is a Domestic Coal Consumers' Council (established under the Coal Industry Nationalisation Act 1946); it is a national body, with no regional sub-structure. Its members are appointed by the Secretary of State, after consultation with bodies representative of consumers of coal, coke and manufactured fuel and bodies representative of persons engaged in the sale or supply of solid fuel for domestic purposes. The Chairman is appointed on a part-time basis (notionally one day per week) and is not paid a salary, but receives a daily attendance allowance of £26.00. The Deputy Chairman and other members are unpaid, but may claim travel and subsistence and loss of earnings allowances.

- ii The Council's statutory functions are:

to consider any representations made to them by domestic consumers on the sale or supply of coal, coke or manufactured fuel or any matter which appears to the Council to merit consideration.

It is able to report and make recommendations to the Secretary of State for Trade or for Energy on any matter within its field of competence.

- iii These statutory functions are less extensive than those of other NICCs; the Domestic Coal Consumers' Council's work is, in practice, rather different. It takes up policy issues, related to the cost, quality and availability of solid fuel, but it is less involved than other NICCs in complaints handling. The majority of complaints about solid fuel which are not directly resolved between customer and supplier are handled by the 11 regional panels of the Approved Coal Merchants Scheme (ACMS). The ACMS brings together the National Coal Board, wholesalers and retailers of coal, together with a representative of the Domestic Coal Consumers' Council. The ACMS defines minimum standards to be upheld by coal merchants and deals with customer complaints. In addition to the 11 regional panels, there is a National Panel on which the Chairman of the Domestic Coal Consumers' Council sits as assessor. In the last resort, the Domestic Coal Consumers' Council can arbitrate when agreement cannot be reached between the ACMS and a complainant.

4 RAIL AND FERRY TRANSPORT

- i There is a Central Transport Consultative Committee with 11 Area Transport Users' Consultative Committees (established under the Transport Act 1947, but now governed by the Transport Act 1962 as amended). These Committees cover transport and other services and facilities provided by British Rail, together with the internal ferry services of the Scottish Transport Group. There are no local committees.

- ii There is no statutory upper or lower limit on the number of Area Transport Users' Consultative Committees, except that there must be separate Committees for Scotland and Wales. Nor do the present boundaries of the areas served by the Committees match the boundaries of British Rail's five operating Regions.

- iii Appointments to the Committees are made by the Secretary of State. There are no statutory limits on the size of the Area Committees. The Central Committee consists of a Chairman, the Chairmen of

the Area Committees and up to six other members. Chairmen are appointed on a part-time basis (notionally 1 day per week) and are paid £3,350 per annum (Central Committee) and £2,675 per annum (Area Committees). Other members are unpaid but may claim travel and subsistence and loss of earnings allowances.

- iv The statutory functions of the Central Transport Consultative Committee are:
- a to consider and, where it appears desirable, make recommendations about any matter, *except charges*, affecting the services and facilities provided by the Board, which has been the subject of representations to the Committee *or* which the Secretary of State has referred to it *or* which the Committee decide they should consider;
 - b to submit a report on any such matter to the Board and to the Secretary of State.

The Secretary of State may, on receipt of a recommendation from the Committee, give the Board such directions as he thinks fit with respect to the matters referred to in the recommendation.

- v The statutory functions of the Area Transport Users' Consultative Committees are essentially the same as those set out above, except that the Area Committee must also consider objections by users to proposals to withdraw rail passenger services from any line or station. The Scottish Committee can also consider proposals for withdrawal of services by the Scottish Transport Group in respect of internal ferry services.
- vi The Committees deal both with complaints by individuals and with more general policy issues. But the emphasis of their work is very much on policy; the Committees collectively dealt with less than 2,000 complaints from individuals in 1980. Policy issues considered recently by the Central Committee have included: train and station catering services, refurbishment of rolling stock, reduced fare policy, train punctuality, carriage of accompanied bicycles and conditions of carriage of express parcels. The Area Committees have considered revisions to timetables, station facilities, car-parking facilities, passenger information services and county public transport plans.

5 POSTS AND TELECOMMUNICATIONS

- i There is a Post Office Users' National Council, with separate Country Councils for Scotland and Wales (all three bodies were established by the Post Office Act 1969). There is no structure of regional councils or local committees, but the Councils do receive advice and assistance from, and make a small financial contribution towards, the network of nearly 200 Post Office Advisory Committees, which are voluntary and non-statutory bodies, often under the sponsorship of Chambers of Commerce or Trade or of local authorities.
- ii Appointments to the Councils are made by the Secretary of State after consultation. The National Council consists of a Chairman, the Chairmen of the Country Councils and up to 29 other members. The Country Councils consist of a Chairman and up to 24 other members. Council Chairmen are appointed on a part-time basis (notionally 2 days per week for the National Council and 1 day per week for the Country Councils) and are paid £6,025 per annum (National Council) and £26.00 per day's attendance (Country Councils). Other members are unpaid, but may claim travel and subsistence and loss of earnings allowances as appropriate.
- iii The duties of the National Council are:
- a to consider any matter relating to the services provided by the Post Office and British Telecommunications in the UK which is the subject of a representation made to the Council by, or on behalf of, a user *or* which appears to the Council to be one to which it ought to give consideration;

- b if it considers that action ought to be taken with respect to any such matter, to give notice of that fact and of the action that the Council thinks should be taken to the Secretary of State and to the Post Office or British Telecommunications as appropriate;
 - c to consider and report on any matter relating to Post Office or British Telecommunications services which is referred to it by the Secretary of State or the Post Office or British Telecommunications;
 - d to consider any matter referred to it by a Country Council and to transmit to the Secretary of State, the Post Office or British Telecommunications, as appropriate, and the Country Council its observations thereon.
- iv The duties of Country Councils are as at a–c above but restricted to services in that Council's area of the UK.
 - v The Post Office and British Telecommunications are obliged to consult with the National Council before putting into effect any major proposals relating to any of their main services so as to affect users.
 - vi The Councils have both a complaints handling and a policy role. The vast majority of complaints (16,800 out of 18,800 in 1980/81) are dealt with by the National Council. On the policy side, the National Council has recently involved itself in questions of postal and telecommunications tariff increases, postal delivery arrangements, relaxation of Post Office monopolies, London postal system problems, delays in providing or repairing telephones and the introduction of Codes of Practice on service quality and compensation. The Country Councils deal with issues specifically related to their areas, such as internal mail collection and delivery arrangements, use of air services for bulk mail transport, direct despatch of overseas mail, provision of telephone kiosks and shared-line policy.
 - vii More detailed information on the resources and workload of the Councils is given at Table 2 at the end of this Annex.

Note: The bodies discussed in Sections 1–5 above are those that are normally classed as the Nationalised Industry Consumer Councils; Sections 6–8 below look at the arrangements in sectors which are not covered by such Councils

6 BUS TRANSPORT

- i Bus services are provided by the National Bus Company (NBC), the Scottish Bus Group (SBG), the London Transport Executive (LTE), the Passenger Transport Executives (PTEs), municipal operators and private sector companies. The SBG is a part of a nationalised industry, the Scottish Transport Group. The LTE is a public authority, established by the Transport (London) Act 1969, with a Chairman appointed by the GLC and members appointed by the GLC in consultation with the Chairman; it provides passenger transport (bus and tube) within, to and from Greater London. The PTEs were set up under the Transport Act 1968 and are jointly responsible with the Passenger Transport Authorities (PTAs) for providing co-ordinated public transport in the 6 English Metropolitan Counties and in Greater Glasgow. The PTAs (the Metropolitan County Councils in England and Strathclyde Regional Council in Scotland) appoint the members of the PTEs and have financial and policy control. The PTEs operate some services directly, but also enter into agreements with the NBC and British Rail. There are 51 municipal bus operators, ie services directly controlled by local authorities.
- ii In 1979, the public sector operators provided nearly all the stage services and had a substantial share of the express market. This could change, given the greater degree of competition allowed by the Transport Act 1980. The lifting of restrictions on express services in particular has already stimulated

an increase in private sector activity in this market. The market shares of the various operators of stage and express bus services are shown below; the figures are for 1979 and are quoted on three different bases:

a by passenger journeys; b by vehicle kilometres; c by passenger receipts.

TABLE 1

Operator	Share of Stage Service Mkt			Share of Express Service Mkt		
	a %	b %	c %	a %	b %	c %
LTE	19	12	15	—	—	—
PTEs	31	22	27	—	1	1
Municipals	15	11	12	2	—	—
NBC	27	41	35	21	51	53
SBG	5	8	8	2	7	9
Total Public	97	94	97	25	59	63
Private Operators	3	6	3	75	41	37
All Operators	100	100	100	100	100	100

The entry '—' means nil or negligible, ie less than ½%

- iii Although there is no single consumer council or similar body covering all bus users, there is a range of bodies which can represent user interests.

Local Authorities

- iv County Councils* have statutory responsibilities to co-ordinate transport policy in their areas. Shire Counties are required, under the Transport Act 1978, to prepare public transport plans, and in the process are required to consult among others:

'transport user organisations and others appearing to the County Council to be especially concerned with public passenger transport matters'.

No such requirement is placed on Metropolitan Counties, but each of these counties, in its role as PTA, is responsible for the policies and budgets of the PTE. Under the 1968 Act the PTA and PTE have a joint duty to secure a properly integrated and efficient system of public passenger transport for their area. County Councils also have a right to make representations to Traffic Commissioners (see below) in respect of proposed stage carriage services and to appeal against decisions of the Commissioners. Local authorities are therefore involved in a continuous dialogue with both bus operators and the public.

* In Scotland — the Regional and Island Councils

Transport Users Advisory Committees (TUACs)

- v These are non-statutory bodies set up in Metropolitan Counties* by the PTA and PTE. Each English PTE has at least one TUAC. Their terms of reference and membership vary. Their primary role is to consider and advise on local policy affecting public passenger transport, although they do receive representations from users. Membership largely comprises County or District Councillors, but other bodies are represented, eg the Transport Users' Consultative Committee is represented on the West Midlands TUAC.

County Passenger Advisory Committees (CPACs)

- vi The CPACs, non-metropolitan counterparts to the TUACs, were proposed in the White Paper on the Nationalised Industries (Cmnd. 7131), published in March 1978. The SCNI, in its pre-legislative hearings in 1979, recommended that CPACs should be established for every county by legislation. This was not taken up and, as far as is known, no counties have yet set up CPACs.

London Transport Passengers Committee (LTPC)

- vii The LTPC covers the whole of LT and is the Greater London equivalent of a TUAC; the main differences are: that the LTPC is a statutory body, that it is debarred from considering either fares or permanent closure of stations (the latter being a matter for the London TUCC) and that its membership is more widely drawn than most TUACs. Of its 28 members, 26 are GLC appointees and 2 are co-opted by the LTPC; of the GLC appointees, 9 are London Borough nominees, 2 are GLC nominees and 14 are drawn from names submitted in response to public advertisement. There has, in the past, been close co-ordination between the LTPC and the London TUCC, but the position is less satisfactory now that the Chairman of the LTPC no longer sits on the TUCC.

Traffic Commissioners

- viii The statutorily independent Traffic Commissioners are responsible for administering the bus licensing system in the 11 traffic areas covering England, Scotland and Wales. Although their powers were reduced by the Transport Act 1980, they remain responsible for ensuring that operators (whether providing long distance or local services) are competent to run and maintain safe vehicles. They also retain regulatory control, through road service licensing, of the provision of 'stage carriage' services outside London (where other arrangements apply). In considering whether or not to grant a road service licence, Traffic Commissioners are required to take into account the implications of a particular service for the public interest, and to consider any relevant objections or representations, including ones from consumer representatives or individuals. The Commissioners also deal with a wide range of customer complaints in cases where the passenger has not received satisfaction from the operator, covering such matters as safety of vehicles, reliability of services and behaviour of crews.

The Transport Users' Consultative Committees

- ix For two years after the closure of a rail service, the TUCCs have 'oversight' of replacement bus services. They have no other role in respect of buses.

7 AVIATION

Air Transport Users Committee (AUC)

- i The AUC was established by the Civil Aviation Authority (CAA) in 1973, both to assist it in its duty to safeguard the interests of airline users and to handle complaints against airlines by individual

* In Scotland - Strathclyde Region

travellers. Although it was originally closely associated with the CAA, not least by common chairmanship, it was decided in 1978 to make the AUC more autonomous, with its own chairman, non-CAA membership and separate offices. The CAA continues to appoint and finance the AUC, but this arrangement is not directly comparable with the 'in house' advisory groups that we discuss elsewhere, because the CAA is primarily a regulatory body for the aviation sector, rather than a nationalised industry. The AUC is not a statutory body, but does have statutory backing in the sense that the Civil Aviation Act 1971 imposed on the CAA a duty to further the reasonable interests of air transport users, in which task the AUC assists it. There is, therefore, some similarity between the status of the AUC and that of the Electricity Consumers' Council. However, the other facet of AUC work, as watchdog of the airlines, is very different from that of the other NICCs, in that British Airways is the only UK public sector body amongst the airlines and that is, in any case, to be privatised in due course.

Airport Consultative Committees (ACCs)

- ii The British Airports Authority (BAA), which is responsible for Heathrow, Gatwick, Stansted and the four Scottish airports, is obliged by Section 2(8) of the Airports Authority Act 1975 to provide adequate consultation facilities for aerodrome users, local authorities and representatives of local interests. The ACCs are financed and their chairmen appointed by the BAA. Their remit goes rather wider than that of a purely user body, since it covers eg the interests of airlines (in their role as airport users) and the environmental impact of airports. In response to a perceived need for a purely user voice, Passenger Service Groups have been established, which deal specifically with those aspects of access to, and facilities at, BAA airports which directly affect passengers. Under Section 8(1) of the Civil Aviation Act 1968, the Secretary of State can designate airports for consultative purposes; this has been done in respect of, for example, the large local authority run airports at Luton, Manchester and Birmingham. These airports, too, have ACC arrangements involving representation of airport users.

British Airways

- iii As well as coming (in common with other airlines) under the auspices of the AUC, British Airways has its own internal consumer representation system.

8 WATER

England and Wales

- i The Water Act 1973 established, with effect from 1 April 1974, ten Water Authorities (WAs): 9 English and 1 Welsh. The Government's original intention had been to have one or more consumer consultative councils for each WA, made up of representatives of local authorities, domestic and industrial users, farmers, etc. In the event, it was decided not to proceed with this but instead it was arranged that a majority of WA members should be appointed by local government. Rather than being small management bodies, as at first envisaged, some WAs have large memberships (up to 62 on the largest).
- ii The intention in 1974 was that there would be three strands of consumer representation:
 - the local authority representatives on the WA itself would, amongst other things, express the consumer's voice;
 - the officers of the WA would handle individual complaints;
 - WAs would form local advisory committees, composed of WA representatives and others with an interest in water provision.

- iii The Act left formation of local advisory committees to the discretion of the WAs, and only one has elected to set up a formal system of committees for each of its divisions.
- iv There has been pressure for reform of this structure. The NCC pressed for the creation of a National Water Consumers' Council and have also pressed for the inclusion of consumer representatives on WAs. The MMC report on Severn-Trent WA recommended a reduction in the size of the Authority's membership and set out criteria for effective consumer representation through a separate consumer body.
- v The Secretary of State for Wales has laid an Order before Parliament reducing the membership of the Welsh Water Authority from 35 to 13, and removing the power of local authorities to appoint members to the Authority. The Secretary of State will himself appoint 4 members to represent their interests. He is also to ask the Authority to set up five local consumer advisory committees covering district council areas approximating to the various WWA divisions or combinations of them. The various consumer interests will be represented on these committees, the membership and functions of which will be laid down in guidelines drawn up by the Welsh Office in consultation with the interests concerned. These arrangements will be reassessed in the light of the outcome of this review.
- vi In some areas, water supply (but not other water services — sewage, land drainage, etc) is carried on for the WA by one of the 28 statutory water companies; there is no consumer representation provision in respect of these companies.

Scotland

- vii The position in Scotland is different. There are no WAs; water provision, sewage disposal, etc, remain direct responsibilities of local authorities. There appears to be general satisfaction with these arrangements.

TABLE 2: DATA ON EXISTING NICC STRUCTURE

	Cost to Central Govt in 1980/81 £000 *	Members: Statutory limits†	Members: In post at 31 March 1981‡	Staff: Com- plement	Number of local c'ttees	Number of com- plaints received †	Meetings per annum
Domestic Coal Consumers' Council	82	No limits	16	2	N/A	N/A: dealt with by ACMS	4
National Gas Consumers' Council	)	20 - 30	25	)	N/A	N/A	6
Scottish GCC	)	20 - 30	27	)	5	2,871	4
Northern GCC	)	20 - 30	21	)	4	2,624	4
North Eastern GCC	)	20 - 30	21	)	4	866	4
North Western GCC	)	20 - 30	22	)	4	3,779	4
Wales GCC	)	20 - 30	22	)	8	1,666	4
West Midlands GCC	) 1500	20 - 30	24	) 103	6	2,921	6
East Midlands GCC	)	20 - 30	26	)	6	1,705	4
Eastern GCC	)	20 - 30	24	)	4	3,001	4
North Thames GCC	)	20 - 30	24	)	4	2,896	5
South Eastern GCC	)	20 - 30	25	)	4	3,279	4
Southern GCC	)	20 - 30	24	)	6	1,232	4
South Western GCC	)	20 - 30	21	)	8	1,191	3
Electricity Consumers' Council	)	No Statute	24	)	N/A	N/A	7
North Eastern ECC	)	20 - 30	26	)	7	545	6
Yorkshire ECC	)	20 - 30	24	)	7	1,571	4
North Western ECC	)	20 - 30	24	)	8	3,094	6
Merseyside & N Wales ECC	)	20 - 30	22	)	6	1,052	4
South Wales ECC	)	20 - 30	15	)	4	1,829	5
Midlands ECC	) 1130	20 - 30	21	) 74	5	1,476	6
East Midlands ECC	)	20 - 30	26	)	6	812	4
Eastern ECC	)	20 - 30	23	)	4	2,555	6
London ECC	)	20 - 30	17	)	5	2,613	7
South Eastern ECC	)	20 - 30	24	)	4	1,132	4
Southern ECC	)	20 - 30	25	)	4	1,597	4
South Western ECC	)	20 - 30	24	)	4	838	4
ECC for South of Scotland	)	20 - 30	30	)	9	1,433	5
ECC for North of Scotland	) 139	20 - 30	29	) 8	5	582	5
Central Transport Consultative Committee	)	See text	14	)	N/A	N/A	4
Scotland TUCC	)	No limit	14	)	N/A	309	4
Wales TUCC	)	No limit	12	)	N/A	104	4
North East TUCC	)	No limit	13	)	N/A	106	4
North West TUCC	)	No limit	17	)	N/A	228	6
Yorkshire TUCC	) 486	No limit	11	) 31	N/A	151	5
East Midlands TUCC	)	No limit	14	)	N/A	85	4
West Midlands TUCC	)	No limit	13	)	N/A	81	4
East Anglia TUCC	)	No limit	11	)	N/A	69	5
London TUCC	)	No limit	19	)	N/A	481	5
South East TUCC	)	No limit	14	)	N/A	128	4
South West TUCC	)	No limit	16	)	N/A	137	4
Post Office Users' National Council	)	Up to 30	20	)	N/A	16,797	8
POUC for Scotland	) 318	Up to 25	20	) 23	N/A	1,275	4
POUC for Wales	)	Up to 25	19	)	N/A	750	6

* Figures for cost to Central Government are estimates of outturn; they include expenditure by the Department of Trade, Property Services Agency and the Treasury Valuer.

† Figures for complaints handled are for the latest annual report period of the NICC concerned, and exclude those dealt with personally by voluntary members.

‡ National Chairmen and, where appropriate, Regional Chairmen are counted as members of National Councils.

REFORM WITHIN THE EXISTING STATUTORY FRAMEWORK

1 This Annex identifies those changes which are suggested in Annex C which could be made *without* new legislation. There would be no NICC coverage of water or buses.

First Tier: The National Councils

2 The five separate National Councils would continue as at present although possibly with membership towards the lower end of any statutory limits as follows:

NGCC	20-25
ECC	15-20
DCCC	c 15
CTCC	7-13
POUNC	15-20
TOTAL	c 85

3 Although the Councils would be separately staffed, the possibility of their sharing accommodation and support services could be examined. Other forms of inter-Council contact, such as programmes of Chairmen's meetings, would also be promoted. No increase in staff numbers is envisaged.

Second Tier: Regional Councils

4 Given the terms of the existing legislation, the second tier structure for the electricity and posts and telecommunications NICCs would remain as at present. This constraint, however, does not apply to the TUCCs or the Regional GCCs.

5 As under the 'Sectoral' option, the boundaries of the TUCCs could be matched more closely to the BR Regions. This would reduce their number from 11 to 6; the areas of coverage would be as described at Table 3. Although the geographical coverage of each of the English TUCCs would be doubled, there appears to be no case for larger and less wieldy memberships of Councils. The size of the secretariats of the English TUCCs would vary, but there would be no overall increase in staff numbers.

6 The number of Regional GCCs in England could be reduced from 10 to 4, but they would probably not have the same geographical coverage as the 'Utilities' NICCs shown in Table 3. A more likely division would be:

New GCC Area	BGC Regions covered	Location of GCC Headquarters
Scotland	Scotland	Edinburgh
Wales	Wales	Cardiff
North England	Northern N Eastern N Western	Manchester
Midlands	E Midlands W Midlands	Birmingham
S E England	Eastern N Thames S Eastern	London
S W England	Southern S Western	Bristol

As with the TUCCs, the size of the individual GCCs and the overall staff numbers should remain virtually unchanged.

Relationships between the First and Second Tiers

7 The proposals in paragraphs 13 and 14 of Annex C do not require legislation and could be implemented under this option just as well as under the 'Sectoral' NICC option. However, they would be more relevant to the NGCC and CTCC than to the unreformed ECC.

Third Tier: Local Representation

8 The need for local representation for gas and electricity, to provide grass roots contact with consumers, is not in question. The existing system of committees, however, is considered to be over elaborate and wasteful in terms of the voluntary effort being provided. Some reappraisal is required.

9 The new GCCs in England would in any case need to submit new schemes for local representation. Some reform would certainly be needed, since retention of the existing committee structure would lead to an unworkably large number of committees – 12 to 14 per region.

10 The Scottish and Welsh GCCs, together with all the Area ECCs, could be invited to reappraise their own schemes.

11 The different approaches for local representation described in paragraphs 19–21 of Annex C would be equally appropriate to this option.

Functions, priorities and controls

12 Although the non-legislative option would not offer the opportunity to bring the governing statutes of the NICCs closer into line, it would be desirable for the Government to issue guidance on the ways in which it believed NICC performance could be improved: eg by use of the 'customer audit' approach, by more widespread training, more effective complaints records, etc.

13 It would also be possible to bring the framework of control and accountability of the NICCs into line with the arrangements set out in *Non-Departmental Public Bodies: A Guide for Departments*.

'SECTORAL' NICCS

1 This Annex describes a possible sectoral NICC structure, ie the second option discussed in paragraphs 48–51. It would permit the inclusion of the National Bus Company, the Scottish Bus Group and the Water Authorities.

First Tier: The National Councils

2 There might be three National Councils:

A 'Utilities' Council	covering gas, electricity and coal and possibly water; with perhaps 20–30 members and a staff of about 25
A 'Transport' Council	covering rail and ferries and possibly the nationalised bus operators; with a membership of 15–20 and some 15 staff
A 'Communications' Council	covering the Post Office and British Telecommunications; with say 15–20 members and 20 staff.

3 The staff shown ought to be sufficient to enable each National Council to employ a small pool of professional personnel (with accountancy, economics, statistics and legal expertise), capable of advising the Regional Councils and of undertaking research.

4 Where practicable the Councils would share accommodation and support services; where not, they would encourage other close contacts. At the top, this might take the form of a regular programme of meetings for the Chairmen and Deputy Chairmen, analogous to those of the Nationalised Industries Chairmen's Group; also possibly involving the Chairman of the NCC.

5 Appointments to the National Councils (and to Regional Councils) would continue to be made by Ministers. The objective would be to obtain a mix of members with specialist interests in individual industries with nationalised industry affairs as a whole and with consumer affairs generally. Members would, of course, be of the standing necessary to maintain a policy dialogue with Board Members and senior management of the industries. Regional Council Chairmen could continue to be ex-officio members of National Councils. The workload of the National Chairmen and members would be greater than at present; unlike the present situation, some part-time paid Deputy Chairman might be needed.

Second Tier: The Regional Councils

6 The 'Utilities' and 'Transport' NICCs might each have four English Regional Councils together with Scottish and Welsh Councils. The regions could be defined by reference to the industries' regional responsibilities rather than by precise geographical boundaries of their own. Details of a possible regional scheme are shown in table 3.

7 The new Regional Councils, too, would have a heavier workload. There would almost certainly need to be specialisation within the Councils. Thus in addition to regular meetings of the full Council, 'specialised' members (probably supported by third tier members – see paragraph 19 below) would probably need to meet Regional Board members and senior regional management of their industries regularly, say quarterly. Even if a Council worked mainly through sub-committees a NICC region covering possibly 3 BGC regions, 3 Electricity Boards and 2 WAs (as might England North and East) would require both a substantial total Council membership and a considerable time commitment from each member. Assuming a Regional Council membership of about 20, members would probably have to devote at least 1½ days a month to NICC business. The burden on Regional Council Chairmen would be greater and on the 'Utilities' Chairmen almost certainly more than the present notional 2 days a week.

8 The 'Communications' NICC is less likely to require a full Regional Council structure. This is partly because both posts and telecommunications are industries where cost and quality of service are determined largely by the effectiveness of the total system; and partly because of the existence of the POACs. The POUCs for Scotland and Wales appear to have a specialized country role and would be maintained.

9 The numbers of staff needed are more difficult to forecast, particularly for the 'Utilities' NICC: they would depend on the volume of complaints, the degree of staff involvement in complaints handling, and the secretariat support needed by second (and, possibly, third) tier committees. Assuming that regional staff continue to receive most complaints and to pursue some of these direct with management, but that a substantial proportion, if not a major part, of the actual case work was carried out by third tier representatives, particularly the difficult cases, it seems possible that complements of the order of the following might be adequate:

'Utilities' NICC	Scotland	c 10
	Wales	c 5
	England (N & E)	c 15
	England (N & W)	c 20
	England (S & E)	c 25
	England (S & W)	10-15
		c 90
'Transport' NICC	Scotland	5
	Wales	5
	E England	5-10
	N W & Midlands	5-10
	W England	10
	London & SE	5
		c 40
'Communications' NICC	Scotland	2
	Wales	2
		4
		130-140

10 This amounts in all to about 200 staff, compared with an existing complement of 241. If, of course, a new structure generated greater interest in, and use of, the NICCs more staff would almost certainly be needed. Another major source of uncertainty is, naturally, the number of complaints about water and buses that the NICCs might receive.

11 Table 3 envisages sharing of offices by the 'Utilities' and 'Transport' NICCs permitting some common services, eg reproduction facilities. Sub-offices might be required to provide a more local contact point for consumers, handling not only general enquiries and complaints but also undertaking local promotional work. Such offices could also provide a meeting point for members. This would still result in a saving in accommodation costs over the present arrangements and could reduce the potential increase in travel and telephone costs.

12 While the work of the new Regional Councils might be similar to that of the present Regional NICCs, its scope could be wider eg for inter-regional or inter-industry comparisons about the speed and effectiveness of complaint handling, cost containment and the like. Comparative studies of disconnections of supply, or of the supply of coin operated meters, etc could prove illuminating and help bring all regions of all industries up to the standard of the best region of the best industry.

Relationships between the First and Second Tiers

13 With the considerable increase in the authority of the *English* Regional Councils, closer co-operation between National Councils and regions seems desirable so as to encourage the country-wide application of common standards. Possible approaches include:

increased contacts between National Council Chairmen/members (other than Regional Chairmen) and the Regional Councils/third tier on their work;

greater use of National Councils as a forum for resolving the most intractable individual and general complaints;

a measure of consultation with National Councils about the budgets of Regional Councils, or even giving the National Councils prime responsibility for proposing regional budgets;

secretaries of National Councils assuming line management responsibilities for regional secretaries.

14 The *Scottish* and *Welsh* Councils require a greater degree of autonomy. The Scottish Councils in particular, would be dealing with some different nationalised industries from their English and Welsh counterparts and greater discretion to determine their own priorities and argue their own case for resources could be appropriate.

Third Tier: Local Representation

15 The main *raison d'être* for the third tier would be that it should be capable of providing genuinely local contact points for handling complaints and giving guidance. It ought to be possible so to arrange matters that sufficient, but not excessive, work of a worthwhile character to attract unpaid volunteers emerged. The formality of the system should, however, be slimmer, less costly and less time-consuming than the existing structure of local committees.

16 Whether or not local representatives specialized in a particular industry would depend on local circumstances and be decided largely by Regional Councils. Doubtless some local representatives would be willing and able to deal with complaints about both gas and electricity or about rail and bus services.

17 It seems likely than an 'Energy' Council could require at least 600 local representatives to function effectively for Great Britain as a whole. For a 'Utilities' Council the figure would probably be upwards of 900. A 'Transport' Council might require say, 200–300, if buses were included; if buses were not included, it is doubtful whether any local representatives would be needed.

18 To take the England (N & E) Regional 'Utilities' Council as an example, the third tier structure might comprise *three* local committees based on the NICC Regional office and the two sub-offices; or *eight* local committees based on the three BGC regions, the three Electricity Boards and the two WAs; or *fourteen* local committees based on the fourteen counties covered by the region. The larger the number of such committees the smaller their membership will need to be to be economical of time and effort.

19 A completely different approach can be envisaged which dispenses with local committees. Instead, organised by Regional Councils, local representatives would have a programme of regular meetings with industry region management which they would attend when they had cases to raise, supplemented by informal get-togethers, say by county, to compare notes and to consider guidance issued by, or requests for advice received from, regional HQs. The variants on this theme are many. For example a substitute for the foregoing would be a programme of formal meetings with industry local management, supplemented by less frequent, informal meetings at regional HQ and sub-offices which combined training with a more general opportunity to exchange views. A formal local committee structure might prove highly effective in a relatively small region, but probably less so in a very large region.

20 There are about 100 CABx and 20 CACs in the region; some or all of these might be willing to act as venues for meetings of local representatives or, indeed, to replace the work of individual representatives.

21 If variety depending upon local circumstances and initiative are to be encouraged Regional Councils might be required to agree their third tier structure with their National Councils. At present Ministers are required formally to approve local representation arrangements. In practice such proposals are seldom questioned. It is arguable whether such approval should still be sought. An alternative to Ministerial endorsement would be for Government to issue, or to endorse National Council, guidelines for determining

third tier structures. Such guidelines might also cover more general topics such as support for local representatives from colleagues and from staff; ways of keeping Regional and National Councils informed of 'grass roots' opinion; the introduction of high, and uniform, standards of complaints handling and recording.

22 For the 'Communications' NICC the position is rather different since the 200 POACs are autonomous, voluntary bodies. One question that arises is whether POACs should continue to receive some financial support from the NICC.

TABLE 3: 'SECTORAL' NICCS

NICC STRUCTURE	INDUSTRY REGIONS TO BE COVERED BY NICC			LOCATION OF NICC OFFICES	
'Utilities' NICC	British Gas Corporation Regions	Area Electricity Boards	Water Authorities	Location of NICC Headquarters	Possible NICC Sub-Offices
Scotland	Scotland	S of Scotland N of Scotland	None	Edinburgh or Glasgow	Inverness
Wales	Wales	Merseyside & N Wales (part) S Wales	Welsh	Cardiff	North Wales
England North and East	Northern N Eastern E Midlands	N Eastern Yorkshire E Midlands	Northumbrian Yorkshire	Leeds	Newcastle Loughborough
England North and West	N Western W Midlands	N Western Merseyside & N Wales (part) Midlands	North West Severn-Trent	Manchester	Birmingham
England South and East	Eastern North Thames S Eastern	Eastern London S Eastern	Anglian Thames Southern	London	Ipswich
England South and West	Southern S Western	Southern S Western	Wessex S West	Bristol	Exeter
'Transport' NICC	BR Regions	National Bus Company Subsidiaries			
Scotland	Scotland	None: will cover the SBG		Edinburgh or Glasgow	
Wales	London-Midland (part) Western (part)	Crosville (part) South Wales National Welsh Jones		Cardiff	North Wales
East England	Eastern (outside the London area)	Northern United Yorkshire Woollen West Riding Yorkshire Traction E Yorkshire W Yorkshire E Midland Mansfield District Lincolnshire Trent Midland General Eastern Counties United Counties Eastern National		Leeds	Newcastle
N West and Midlands	London-Midland (part)	Cumberland Ribbie Crosville (part) Potteries Motor Traction Midland Red Oxford S Midland		Manchester	Birmingham
W England	Western (part)	Bristol Hants and Dorset Devon General Western National Alder Valley		Bristol	Exeter
London and South East	Southern + London area	Gosport and Fareham Southern Vectis Southdown Maidstone District East Kent London Country		London	

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