



PRIME MINISTER

cc NO
1
Pm Minister

Agree to the
proposals set out in
paragraph 3

Yes m

Dr

NATIONALISED INDUSTRY LEGISLATION: CONSUMER COUNCILS 15/4

Proposal

see R 9
The Treasury consultation paper issued on 20 December 1984 stated the Government were considering including in their proposals for nationalised industry legislation provisions on the Nationalised Industry Consumer Councils (NICCs). It was agreed that my Department should consult the NICCs and their respective industries on such legislative changes. This we have now done, on the basis of the attached paper which was agreed between the main interested parties.

2 If E(NI) decides to proceed with the Bill on the nationalised industries, I propose that it should include provisions to implement the proposals in the attached paper.

Objective

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3 These measures would fulfil commitments given in "The NICCs: A Strategy for Reform" which the Department published in December 1982. The proposed legislative changes are designed to put the NICCs on a more uniform legal basis; to improve their effectiveness and efficiency by strengthening the line management and the co-ordinating responsibility of the national NICCs; and to harmonise the arrangements for appointments of members and for the employment of staff.

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Response to Consultation

4 Reactions from the industries varied from the neutral to the mildly encouraging. There are few direct implications for the industries themselves. The majority of the Consumer Councils have welcomed the proposals. Significant exceptions have been the majority of the area Electricity Consultative Councils. They do not welcome the prospect of stronger managerial co-ordination from the national Electricity Consumers' Council. This should not, I think, deflect us from our purpose. One main objective is to achieve consistency (lacking at present) in the way these bodies use their resources in the interests of consumers. A more co-ordinated approach will be of benefit to the Electricity Supply Industry as well. An important side issue will be the underpinning of recently agreed guidelines with emphasis on the development of a positive relationship between the industry and the councils.

Resource Implications

5 The proposals will not lead to any net increase in resources and will mean that the current level of resources is used more effectively.

Parliamentary considerations

6 It is envisaged that the proposals can be covered by a few short clauses with appropriate schedules which would be non-controversial in party political terms.

EC Implications

7 None.

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Conclusion

8 I recommend that the proposal in paragraph 1 be adopted.

9 I am copying this to colleagues in E(NI) and to Sir Robert Armstrong.

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15 April 1985

Department of Trade and Industry

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NATIONALISED INDUSTRIES LEGISLATION: CONSUMER COUNCILS
CONSULTATION PROPOSALS

In paragraph 4 of the consultation paper circulated by the Treasury on 20 December 1984 it was stated that the Government were considering whether to extend their proposals for nationalised industry legislation to include provisions on the Nationalised Industry Consumer Councils. The purpose of this paper is to set out proposals in this area and to invite comments. The Government recognise that a number of the proposals will require more detailed consultation before legislation is settled. However, they will welcome comments in principle by 20 March. Comments should be sent to:

The Assistant Secretary
Consumer Affairs Division 2
Department of Trade and Industry
Room 2514
Millbank Tower
MILLBANK
London SW1P 4QU

SCOPE

2. The Nationalised Industry Consumer Councils (NICCs) to which this paper refers are:-

- Domestic Coal Consumers' Council (DCCC)
- Electricity Consumers' Council (ECC) and twelve area Electricity Consultative Councils (AECCs) in England and Wales and the North and South of Scotland Electricity Consultative Councils
- National Gas Consumers' Council (NGCC) and twelve area Gas Consumer Councils (AGCCs)
- Central Transport Consultative Committee (CTCC) and ten area Transport Users' Consultative Committee (TUCCs)
- London Regional Passengers' Committee (LRPC)
- Post Office Users' National Council (POUNC) and three country Post Office Users' Councils (POUCs).

The proposals do not affect the Water Consumer Committees set up under the Water Act 1983.

"STRATEGY FOR REFORM"

3. In 1982, following extensive consultation and an interdepartmental review, the Government published a paper entitled "The Nationalised Industry Consumer Councils: A Strategy for Reform". This proposed a number of changes designed to improve the effectiveness and efficiency of the system. Some of these have been or are being implemented already. But there are still some outstanding proposals which require legislation and which would be suitable for inclusion in the proposed Bill dealing with nationalised industries.

POWERS AND RIGHTS TO INFORMATION

4. The 1982 paper concluded that the NICCs did not need new wide ranging statutory rights of access to information. It pointed out that any attempt to set out in detail what information the NICCs needed was unlikely to be productive and suggested that ultimately this was a practical matter for the NICCs and the industries to agree. This remains the Government's view.

5. The Government do, however, intend to rectify two anomalies in the present situation. The transport NICCs are currently precluded from considering reductions in rail services and fares and charges. The Government have already stated in Parliament their intention to introduce legislation to enable the transport NICCs to consider the "structure and relativities" of fares and charges and also to widen their remit to enable them to consider service reductions. The electricity and gas industries and London Regional Transport are required to inform their respective NICCs of their general plans and arrangements while the Post Office is required to consult POUNC before putting into effect any major proposals relating to any of its main services. There is no comparable obligation on the National Coal Board or British Rail. The Government propose to introduce an obligation on both the NCB and BR to inform the DCCC and the CTCC respectively of their general plans and arrangements. In the case of the NCB this would relate to those matters affecting domestic consumers, while in the case of BR it would relate to passenger services.

APPOINTMENTS

6. The Government propose to harmonise the procedures for appointments by repealing the requirement for regional gas and area electricity NICCs to have both a minimum membership of twenty and a certain proportion of members nominated by local authority associations. Experience suggests that a membership of about fifteen is conducive to the efficient conduct of business while ensuring adequate representation of the various sectoral and geographical interests. This is a general yardstick only. In some cases slightly smaller councils may be quite adequate, and, in others, there will be a strong case for larger numbers eg. the national councils for gas and electricity and where the geographical size of the area covered is exceptionally large eg. the North of Scotland ECC. The Government will continue to welcome candidates nominated by local authorities and these will be considered on the same basis on nominations from other organisations.

COORDINATION OF AREA GAS, ELECTRICITY AND TRANSPORT NICCs'

7. The EEC and the NGCC were formed after the area councils for electricity and gas; there is scope for more effective coordination of their activities. This is particularly true on the administrative side where there are discrepancies between the effectiveness and efficiency of the various area councils. The CTCC has played more of a coordinating role in relation to the TUCCs but this could be carried further. The need for central coordination is perhaps less strong in the case of the Post Office Councils where in addition to POUNC there are only 3 country councils. However, the Government would welcome views on whether the same principles should apply in that area too.

9. The Government consider that the NICC system as a whole would benefit from the national Councils having a greater line management role and greater financial accountability. Except in relation to the two Scottish electricity consultative councils (who have no central council) the Government propose to amend the legislation to provide for the following:-

- a. Funding of the regional councils through the national councils. The Government would remain responsible for providing sufficient funds for the regional NICCs to discharge their duties but detailed resource allocation would be for the central bodies in accordance with conditions spelled out in the grant-in-aid.
- b. The statutory remit of national councils would be extended to include a duty to provide assistance and advice to the regional councils on the discharge of their duties (but not directions).
- c. Regional councils would be required to consult the national councils before appointing new executive heads. These appointments are permanent and crucial to the successful operation of the regional NICCs. Regional councils are likely to make better choices if they are able to benefit from a second opinion from the centre.

9. All these changes imply a need for high quality management skills at the centre. With this in mind it is proposed to introduce a requirement that the chief executive appointment to the national NICCs should be made only after consultation with the Secretary of State.

10. These changes would not affect in any way the policy independence of the regional councils including their right to express a different point of view from that of the national council.

STAFFING

11. The Post Office and Coal NICCs are currently staffed by seconded Civil Servants; the transport NICCs are staffed by BR secondees; and most of the gas and electricity councils employ their own staff (although there are one or two industries secondees remaining) on terms analogous to those industries to which they relate. It is desirable that all NICCs should be able to employ their own staff and provide their own office accommodation. This will involve amending the legislation for POUNC and the country POUCs the DCCC and the CTCC/TUCCs (the LRPC already employs its own staff). The proposed requirement for consultation with the Secretary of State over the appointment of the chief executive officer would apply in each of these cases.

12. Although this will not directly affect the content of the proposed legislation the Government also believe that the time has come to unify the terms and conditions of service of NICC employees (see paragraph 40 of the "Strategy for Reform" paper). In the electricity, gas and transport sectors these are related to the terms and conditions of service of the industries concerned, reflecting the past (and in the case of transport, current) system of secondment from the industries. The broad intention will be to assimilate terms and conditions of service to those of the Civil Service but the Government recognise that

this may pose transitional problems and will not take any final decisions before discussing the matter fully with representatives of the staff involved. Since this is a complicated matter the Government do not expect recipients to comment on this aspect within the deadline for comments on the remainder of the proposals in this paper.

Department of Trade and Industry
February 1985

NAT IND: Pol: Pt 10



10 DOWNING STREET

From the Private Secretary

16 April 1985

The Prime Minister has now seen your Secretary of State's minute of 15 April about Nationalised Industry Consumer Councils. She is content that if E(NI) decides to go ahead with the Nationalised Industries Bill it should include provisions to implement the proposals in the paper attached to your Secretary of State's minute on Consumer Councils.

I am copying this letter to the private secretaries to members of E(NI) and to Richard Hatfield (Cabinet Office).

(TIM FLESHER)

Andrew Lansley, Esq.,
Department of Trade and Industry.

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DOE COL
SO. CO
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