

JV.



DEPARTMENT OF TRADE
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From the
Minister of State
for Consumer Affairs

Prime Minister (1)
Agree to publication
on Friday, subject to
colleagues?

Yes
MF

Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury

14/12 December 1982 MCS 14/12

Dear Geoffrey

We are under increasing pressure to announce our intentions on the future of the Nationalised Industry Consumer Councils (the NICCs).

The NICCs do an important job - indeed I believe that at present they are needed more than ever before. But their role, and the context in which they operate, are changing and will change further as we develop our wider nationalised industry policies.

For this reason - and because I see no prospect of legislation on the NICCs in the present Parliament - it would be premature to take final decisions now on the long term shape of arrangements to represent consumer interests in the public sector. The immediate task as I see it is more modest to give the NICCs as they stand a clearer lead on how to tackle their job; to strengthen their working relationship with the industries (and with Government); and to make a start on rationalising and tidying up the present structure.

A strategy for reform on these lines is outlined in the enclosed paper, which I hope to publish shortly as a follow-up to the Departmental consultative document issued a year ago. It recognises that a Bill would be desirable when Parliamentary time permits, to put the NICCs on a more up-to-date and more uniform statutory footing. But it places the immediate emphasis on reform within the existing statutory framework, in particular through the preparation of guidelines for NICC operations.



Failure to bring the review to an early conclusion would expose us to considerable criticism. We announced it in 1979. Continuing uncertainty about our intentions would have serious implications for morale in the NICC system - notably among the 1,000 or so (mostly unpaid) Council members on whom the structure depends.

I would be glad to know if possible by Friday 17 December, if you and our other colleagues are content with what I propose.

I am copying this letter with enclosure to the Prime Minister, members of E(NI), Lady Young, John Biffen and Sir Robert Armstrong.

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line and a large, looped flourish.

Gerard Vaughan

MP

THE NATIONALISED INDUSTRY CONSUMER COUNCILS
A STRATEGY FOR REFORM

Foreword by the Minister for Consumer Affairs

We are all customers of one or more of the nationalised industries - electricity, gas, coal, water, the railways, the Post Office, and so on. The prices they charge us are a crucial part of our family budget; they are major items of cost in every business, large or small; and their financial requirements are a demanding factor in terms of "public expenditure" and thus in the whole national budget.

As customers our most direct concern is with the service they give us. Is it what we want and need? Is it a good service? Is it the best available? Could it be done differently?

In the context of an "open market" situation customers can give weight to their views on these questions by taking their business elsewhere, or by threatening to do so.

But, with a nationalised industry choice of that kind does not exist. So, how do we, the customers, make our voices heard? What does the Government do to help? What should it do?

As Minister for Consumer Affairs, the voice of the consumer in Government, if I may put it like that, I attach special importance to two moves in this connection. One is the working of the Competition Act 1980, under which the Monopolies Commission can look at the efficiency and value for money aspects of the nationalised industries; the other is the working of the Nationalised Industry Consumer Councils. Competition Act reports are already proving a fulcrum for change and improvement and there are more to come. This paper is about the NICCs.

I am convinced that the NICCs are needed now more than ever before. But in recent years their role, and the context of their consumer work, has changed and will change further.

In these circumstances, I do not pretend that we have found suddenly a magic formula that will enable consumers to achieve total success in persuading these enormous (and immensely influential) industries to do a more effective and

economical job. But I do hope that the proposals set out in the following pages will each be seen as a step in the right direction, and that, collectively, they will help the management of these industries to become more responsive to the needs and wishes of their customers - you and me.

GERARD VAUGHAN

Background

1. In May 1979 the Government announced their intention of reviewing the Nationalised Industry Consultative and Consumer Councils and Committees (NICCs) in Great Britain. The review has taken place against the background of the Government's general objective, announced by the Prime Minister on 16 January, 1980 to "encourage the good management of public bodies which continue to serve the country, while dispensing with those for which there is no further need".

2. In December 1981 the Department of Trade published a consultative document - "Consumers' Interests and the Nationalised Industries" - on the scope for reform. Some 300 organisations and individuals responded. The overwhelming conclusion was that the NICCs are valuable and still required; but that the present machinery should be made more effective.

The Nationalised Industries and their customers

3. Practically everyone has a major interest in the nationalised industries. Most of the industries subject to NICC scrutiny are monopoly, or near-monopoly, suppliers of essential goods and services. Their output accounts for nearly 8% of GNP; their bills cost the consumer almost 11% of his expenditure. But many of their customers are dissatisfied with their performance; for

example, recent surveys by the National Consumer Council show this to be a major area of consumer concern.

4. The main thrust of the Government's policy is to improve nationalised industry performance by subjecting them more effectively to market forces. Statutory monopolies in the supply of gas and electricity, and in postal and telecommunications services, are being relaxed. British Telecommunications and other nationalised industries are to be transferred to private ownership

5. But most nationalised industries will remain monopolies, or near monopolies. In such cases disciplines on them are being further developed as a substitute for the market. The Government's aims - in the achievement of which the industries' "sponsor" Departments have a central role to play - are to improve the industries' efficiency by ensuring that they make the most productive use of their resources within the framework set by their financial targets; and to improve their performance both by the various objectives specified for them and in responding to customer needs.

6. This involves action to improve, where appropriate, the management effectiveness of the industries' boards; to establish clear objectives (including financial and performance targets) for each industry; and to strengthen the arrangements outside as well as inside Government for monitoring industry performance.

Role of the NICCs

7. The NICCs have an essential role in this monitoring process in relation to standards and quality of service. An informed contribution from them at local, regional and national level will help consumers directly; and, indirectly may also stimulate improvements in efficiency in the industries concerned.

8. All NICC members, other than the 44 Chairmen, are unpaid volunteers - some 3,000 all told. The Government's starting point is that the reforms needed in the NICC machinery should seek to reinforce the voluntary nature of the existing system and its roots among individual customers. The NICCs should be a mouth-piece for the ordinary consumer; so it is essential for the channels upward from the local level to the national level in the NICC structure to work efficiently.

II THE NICCs' JOB

Improving Quality of Service

9. The NICCs' central functions are to monitor the industries' standards of service and to press for improvements in their "customer performance". These functions can be performed most effectively where clear yardsticks exist against which performance can be measured.

10. Such yardsticks may be quantitative performance indicators or "customer performance targets" - for example, the proportion of first class letters delivered within 24 hours or the number of trains running to time - or more qualitative criteria for staff courtesy and responsiveness, where straightforward quantified targets are not possible; and there are also Codes of Industry Practice, such as those adopted by the gas and electricity industries. Performance indicators and targets can thus provide an objective basis for assessing an industry's success in meeting consumer needs. Qualitative criteria and codes of practice can give the consumer a clear idea of the quality of service which the industry aims to provide, and of the remedies available to him if it fails to meet the promised standards.

11. Much has already been done in all these areas. But the NICCs can and need to do more, reinforcing action by Government itself to encourage the industries to develop and publicise performance yardsticks, and to publicise the results achieved by the

industries in relation to them. The objective should be to establish clearly the standards of service which customers should expect; and to develop a climate in which all concerned in the industry see the attainment of these standards as an important part of their job.

Nationalised Industry Prices.

12. The NICCs should be consulted about and comment on industry policies and plans. In particular they must ensure that the consumers' view is clearly heard in decisions on costs and prices.

13. Tariff structures are an area in which most NICCs have long been active. The general levels of tariffs (as determined by the need to raise an economic level of revenue), like the industries' financial targets, reflect the broader economic circumstances of each industry including its costs and market position, which are assessed in consultation with sponsor Departments. The NICCs' influence in this area cannot be decisive. The NICCs do, however, have an important role to play, along-side the Government itself, in encouraging the industries to contain costs (and hence prices); they can thereby make an informed contribution to the improvement of industry efficiency.

14. In this connection the NICCs may from time to time be able to point to a need for investigations by the Monopolies and Mergers

Commission under section 11 of the Competition Act 1980; and to contribute evidence to such investigations.

Complaint procedures and redress for the customer

15. The NICCs' third main area of operation relates to redress for individual customers when things go wrong.

16. Responsibility for taking swift and effective action to resolve complaints lies above all with the industries themselves and should be a priority for them. The NICCs' role in this is to evaluate the industries' arrangements for complaint handling and seek to improve them. This includes the establishment (eg in Codes of Practice) of adequate complaint handling procedures and of arrangements for recording, monitoring and drawing policy conclusions from the general pattern of complaints. NICC appraisal of management performance on complaints should be integrated with the wider work already mentioned on "customer performance" generally.

17. The NICCs must also continue to provide a channel for consumers to pursue complaints which have not been satisfactorily resolved by the industries themselves. If the latter do their jobs properly, they should themselves be capable of handling all routine cases to the satisfaction of the customers concerned. Of the more difficult cases taken up with the NICCs, the majority will continue to be dealt with by NICC staffs (and where it exists, the local or district tier of the NICC structure).

18. But there are some general matters requiring examination by the Councils themselves. These include the scope for improving and rationalising the NICCs' working relationships with other advice services, in particular the Citizens' Advice Bureaux; for significantly improving customer awareness of and access to NICC assistance; and for establishing, in conjunction with the industries, arrangements for recourse to independent arbitration to settle disputes which the normal complaint and conciliation machinery has failed to resolve.

Practical guidelines are needed

19. To be effective in practice the principles already outlined will have to be expanded into guidelines for each NICC. These will need to reflect the character of the industry concerned and the levels (national, regional and local) at which the NICC operates. As a major element in its strategy for reform the Government will invite each national Council to prepare proposals for guidelines, in consultation with the regional Councils and (where appropriate) district committees, and with the industries themselves.

20. It would be inappropriate to make such guidelines legally binding. Ideally however the Government would like to give them a measure of Parliamentary authority and will do so in primary legislation when Parliamentary time allows. Thus the national Council in each industry will have to submit proposals, for

approval by the Secretary of State (and, possibly, presentation to Parliament) on its organisation, functions and priorities. The aim will be to establish, in consultation with the industries themselves, broad agreement on what the NICCs will undertake in the three key areas identified above, and on how it will be carried out.

III THE LEGAL POSITION

21. At present the NICCs' legal rights and obligations are based on six statutes, the oldest of which dates from 1946. Most NICCs are required to consider matters affecting the consumer interest in their industries (including matters referred to them by consumers and, in some cases, by Ministers, as well as matters which they themselves consider important); and to report thereon to the industries and/or to Government. Most of the industries are equally required to consult the NICCs on matters of importance to their customers. But the NICCs' precise obligations, and the industries' corresponding duties, vary (often illogically) from one industry to another.

22. The balance of opinion in our consultations was firmly in favour of reforming and strengthening these statutory arrangements. A number of NICCs urged that their statutory rights to information from the industries should be strengthened. They argued - with reason - that access to information is crucial to the effective performance of their functions. They gave telling examples of cases in which the industries had failed to provide the data they believed necessary.

23. The Government agree that the industries must co-operate in providing information - even at additional cost in time and trouble to themselves - if the NICCs are to do their jobs effectively. But the NICCs do not need new wide-ranging statutory rights of access to information. That could impose costs and

burdens on the industries out of all proportion to any practical benefit for consumers. In any case any attempt to set out in detail what information the NICCs do need is unlikely to be productive.

24. Ultimately the NICCs and the industries have to agree, as a practical matter, what can and cannot reasonably be supplied. But a statutory framework, laying down the basic rights and obligations of both parties, is essential if satisfactory working relationships are to be achieved. And it is clear that the existing statutory arrangements should be rationalised and updated.

25. The Government therefore intend to bring in new legislation to establish a more uniform legal basis for NICC operations by consolidating the best features of existing legislation. The general framework will need to be modified in its application to particular industries; but the Government's broad intention is to provide that:-

- i The NICCs will be obliged to consider any matter relating to the services provided by their industries which is raised with them by consumers in the industry concerned (and by the Government in the case of the national Councils, or by the national Councils in the case of the regional Councils), together with any other such matter which appears to them to require consideration; and to report as appropriate to the industry and/or to Government.

The consultative document of December 1981 concluded that there was no case for including scrutiny of rail fares within the statutory remit of this Central Transport Consultative Committee (CTCC) and the Transport Users' Consultative Committees (TUCCs). The Government will take a final decision on this in the context of its decisions on railway finances, following the report of the Review Committee chaired by Sir David Serpell.

- ii The industries will be obliged to inform the NICCs of their "general plans and arrangements"; to provide such supporting information as is necessary for the discharge of the functions of the NICCs; and - following, generally, the precedent established by the Post Office Act 1969 - to consult the NICCs before putting into effect any proposals with significant implications for their customers. There will be provisions in the unlikely event of a dispute about the interpretation of these obligations for it to be resolved in the last resort by an appropriate Minister.

[26. The Electricity Consumers' Council (ECC) for England and Wales is the only NICC which at present has no statutory basis. The Council was constituted in 1977 by Ministerial minute. The Government have accepted that its relationship with the

electricity supply industry and indeed with the regional Electricity Consultative Councils is likely to be strengthened if it is established as a statutory body. The Energy Bill now before Parliament will provide accordingly]*.

* subject to decisions on the Energy Bill

IV ORGANISATION OF THE NICCS

27. There are at present 44 NICCs covering the gas, electricity, coal, rail, post and telecommunications industries. They require nearly 1000 Ministerial appointments (and around 2000 appointments are made at local level by the gas and electricity Councils). Together they cost around £4 million a year to run.

28. This Chapter reviews the structure, scope, financing, and staffing of the NICC system in the light of the Government's general policy that non-Departmental public bodies must be - in the words of the MPO Guide on Non-Departmental Public Bodies - "effective, efficient and economical in the conduct of their affairs, so that the taxpayer gets good value for money".

29. One suggestion in the consultative document was to amalgamate the NICCs into three broad sectoral organisations dealing respectively with energy/utilities, transport and communications. It was suggested that this might create a more streamlined and authoritative structure than at present. Opinion in the consultations however was decisively against it. The Government have accepted that its disadvantages - in terms of the risk of increased remoteness of the NICC structure both from consumers and from industry management - would outweigh the possible advantages. The Government intend therefore to retain the essentials of the

present "one-to-one" NICC/Industry structure. But closer working relations within that structure need to be developed between NICCs in the same and different industries.

30. Retaining a "one-to-one" arrangement generally does not mean however that some simplification of the present structure is ruled out at regional and district levels. Emphasis has been placed earlier in this paper on maintaining close contact with consumers at the grass roots. But it is clear that the arrangements for doing so can be varied and more flexible - and less costly - than those presently to be found. Quite apart from the nature and number of the regional and local bodies, further work is needed on an industry-by-industry basis on the relationship between the national, regional and local tiers of the system. In some industries it may be desirable to strengthen the authority of the national Council vis-a-vis the regional machinery. At all events, a closer relationship should be forged between the regions and the centre - while maintaining, of course, the separate identity of the Councils in Scotland and Wales.

Gas and Electricity

31. Accordingly the national Gas and Electricity Councils will be invited to review the existing pattern for consumer representation in their industries at local level through district committees; and to suggest options, after consultation with the regional Councils which at present appoint and service these committees, for simpler, less costly and more flexible arrangements.

Decisions on the shape of the "third tier" in gas and electricity - and on any changes needed in its present statutory basis - will be taken in the light of the Councils' proposals.

Posts and Telecommunications

32. With the transfer of British Telecommunications (BT) to private ownership, the functions of the Post Office Users' National Council (POUNC) and the Post Office Users' Councils (POUCs) for Scotland, Wales and Northern Ireland in respect of BT will be transferred to the new Director General of Telecommunications who will oversee the entire telecommunications industry. POUNC and the POUCs will continue to deal with postal services.

33. The British Telecommunications Bill at present before Parliament provides for the establishment of consumer advisory bodies to assist the Director General of Telecommunications, including separate bodies in Scotland, Wales and Northern Ireland. It will also be desirable for the Post Office Advisory Committees, which are not formally part of the NICC structure, to continue to link BT management and customers at local level. Provision is made in the Bill for continuing financial support on the modest scale required to keep the POACs involved with BT as well as Post Office affairs.

Nationalised buses

34. The nationalised part of the bus industry (the National Bus Company and the Scottish Bus Group) provides less than half of all bus services in Great Britain. They offer express, contract and private hire services, and tours, in competition with other modes of transport and with the many independent bus and coach operators. The Government sees no case for extending NICC scrutiny to these commercial services.

35. On the other hand, NBC and SBG subsidiaries still dominate the market for local "stage carriage" bus services in many areas. But these local services are run under licence from the Traffic Commissioners; and many are supported financially by local authorities. It is an important function of both to reflect consumer interests and to pursue individual customers complaints. In these circumstances the Government accept the conclusion of the Monopolies and Mergers Commission in their recent report on certain bus undertakings [HC442] that there is no need to supplement the Traffic Commissioner/local authority arrangements by creating additional consumer machinery in the bus sector.

London public transport

36. It is generally agreed that the existing arrangements for representing consumer interests in public transport services in London are unsatisfactory. British Rail services in London fall within the ambit of the London TUCC as does the closure of London

Transport Underground lines and stations. All other questions concerning LT services, such as the running of Underground services, fall to the London Transport Passengers Committee (LTPC) which is a statutory body but not a NICC financed by the Government. A further complication is the LTPC's jurisdiction over LT services running outside the GLC area.

37. The House of Commons Transport Committee have recommended, in their recent report on London, that a single Public Transport Users' Committee for London should be established to replace the LTPC and the TUCC for London. The Committee has also made wider structural recommendations, most notably that there should be a Metropolitan Transport Authority for London. The Government's decisions in the light of their recommendations will be announced separately as soon as possible.

Appointment procedures

38. The existing statutory arrangements governing appointments to the NICCs will be simplified when new legislation is brought forward. The Councils will be slimmed down to a maximum membership of 15-20. The present statutory requirement that regional Councils for gas and electricity must have a certain proportion of members nominated by local authorities will be abolished.

Financing and personnel management

39. The Government are satisfied that the current level of funding of the NICCs is adequate to enable them to operate effectively on the basis outlined on this paper. Expenditure on them is at present controlled on the same basis as other administrative expenditure borne on the Department of Trade Vote.

40. Funding by grant-in-aid (which would in due course require the national Councils for gas, electricity as well as rail transport to play a role in administering and accounting for all NICC expenditure in their industries) would more appropriately reflect the NICCs' status as independent bodies. Detailed proposals to this end will be brought forward as soon as possible, together with proposals for a more open system of recruitment for NICC staffs, more uniform terms and conditions of service, and greater opportunities for staff movement between jobs in the NICC structure.

41. These changes in the present arrangements for financing and staffing the NICCs will be fully discussed with all concerned with a view to full implementation following passage of the new legislation.

Relations with Government

42. In itself NICC scrutiny, however sophisticated, will do nothing to improve the quality and value-for-money of the services which the nationalised industries provide unless the industries themselves - and their sponsor Departments - respect and act on NICC suggestions. That requires a constructive, co-operative working relationship between all three. It is this above all that the Government's strategy for reform is designed to promote.

43. Without losing (or, equally important, giving the appearance of losing) their independence, the NICCs need close and direct contact - especially through their Chairmen - with industry management. Equally important, they must develop closer and more effective relations at national level with the sponsor Departments which are central to the whole system of control.

Following up NICC reports

44. The NICCs must equally continue to speak out forcefully through annual and ad hoc reports. The Government believe that all reports should normally be addressed jointly to the Minister with general responsibility for consumer affairs; to the Minister with direct responsibility for the relevant industry; and, by NICCs in Scotland and Wales, to the Secretary of State for the country concerned.

45. It is important that NICC recommendations should be properly followed up. This must be primarily a matter for the industries themselves. The type of follow-up required will vary from case to case and should not be rigidly prescribed. The Government intend however to explore with the industries the scope for more systematic arrangements for examining and, where appropriate, responding publicly to NICC reports.

46. The Government will not lay down in detail how and on what the NICCs should report. But their annual reports - perhaps a single report covering each industry rather than a series of regional reports and a national report - should be shaped by the operating principles outlined in Chapter II above; and in particular should contain regular assessments of industry progress in the area of customer performance and standards of service.

Cooperation between the Consumer Bodies

47. As noted above (para 29), the Government seek more interchange between the NICCs themselves and with other agencies. The Government propose to invite the National Consumer Council (NCC) to consider, in consultation with the national NICC Chairmen, ways of strengthening the present arrangements for informal liaison between the NICCs, and between the NICCs collectively and the NCC (perhaps, for example, through the institution of a national NICC

"Chairmen's Group" under NCC auspices, reporting as necessary to the Minister for Consumer Affairs). The possibility of closer co-operation with other bodies will also be explored and encouraged (eg with the Citizens' Advice Bureaux service, the Air Transport Users Committee).

VI LEGISLATIVE STEPS AND ACTION NOW

48. Implementation of some of the changes, outlined in this paper will require legislation, which will be introduced as soon as Parliamentary time permits; this will provide, for example, for a statutory basis for the NICCs' detailed operating guidelines (para 20); for the improvement and rationalisation of the NICCs' legal rights and obligations (para 25); and for the reform of the structure and organisation of the present system.

49. Pending legislation, a start will be made at once on:-

(a) preparing guidelines for NICC operations on an industry-by-industry basis, in the light of proposals from the NICCs themselves [para 19];

(b) improving the arrangements for:-

i liaison and co-ordination between the national, regional and local tiers of the NICC system (para 30), and between the the NICCs and the National Consumer Council (para 47);

ii consumer representation at district level in the gas and electricity industries (para 31);

iii NICC financing and staffing (para 39-41);

iv NICC reporting (paras 44-46).



CABINET OFFICE
Central Policy Review Staff

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From: John Sparrow

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Qa 06196

21 December 1982

Dr Gerard Vaughan MP
Minister of State for Consumer Affairs
Department of Trade
1 Victoria Street
LONDON S W 1

Dear Dr. Vaughan,

Nationalised Industry Consumer Councils

I have seen your letter of 14 December to the Chancellor of the Exchequer and his reply of 17 December. *with mcs.*

I, too, am content with the paper, subject to the points the Chancellor makes about the overlap with the role of the Comptroller and Auditor General.

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

Yours sincerely,

John Sparrow.

John Sparrow



Nat-Ind gc JV
DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

Dr Gerard Vaughan MP
Minister of State for Consumer Affairs
Department of Trade
1 Victoria Street
LONDON SW1H 0ET

MBPN

MS 21/12

21 December 1982

Dear Sir

Thank you for sending me a copy of your letter of 14 December to Geoffrey Howe, enclosing a copy of the paper which you propose to publish on the Nationalised Industry Consumer Councils.

I am content with the paper, and with your proposals for early publication.

Copies of this letter go to Geoffrey Howe and to the other recipients of yours.

Yours faithfully

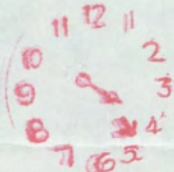
David

DAVID HOWELL

Nat Incl

Policy

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Nat. Ind.



Secretary of State for Industry

DEPARTMENT OF INDUSTRY
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Telephone Direct Line 01-212 3301
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14 December 1982

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ms 20/12

The Rt Hon Dr Gerard Vaughan MP
Minister of State for Consumer Affairs
Department of Trade
1 Victoria Street
London SW1

Dear Genny,

attached:

I have seen your letter to Sir Geoffrey Howe of 14 December, about the future of the Nationalised Industry Consumer Councils.

2 Apart from two slight factual alterations to paragraph 33 i.e delete "British" in line one, and replace "BT" with "telecommunications" in line 9, I have no comments on the paper attached to your letter.

3 I am copying this letter to the recipients of yours.

Your ever
Patrice



20 DEC 1982

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Nat Inst
Collins



informed
Vaughan's
Office
17/12
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Yes

10 DOWNING STREET

Michael

please
say no objection

Dr. Vaughan's office ^{from}
are asking if we having ^{here.}
any comments on his
letter to the Chancellor ^M
of 14/12.

Do you wish us to
relay the L's agreement
to publish?

Lojic

17/12

RESTRICTED



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

17 December 1982

Dr Gerard Vaughan MP
Minister of State for Consumer Affairs
Department of Trade
1 Victoria Street
LONDON SW1H 0ET

Dear Minister,

In your letter of 14 December you sought approval to publish a paper on 'Nationalised Industry Consumer Councils - A Strategy for Reform'.

I am in general content with the paper. I agree that the NICCs require clear advice on their role, and guidance as to how it fits with other initiatives to make nationalised industries more efficient and accountable.

However, a possible expanded role for the Comptroller and Auditor General in relation to the nationalised industries is at present under consideration in the light of the St John Stevas Bill. The outcome is uncertain, but it could involve changes affecting investigations by the Monopolies and Mergers Commission under Section 11 of the Competition Act 1980. This would conflict with the references to this aspect of nationalised industry accountability in your paper.

There is therefore a case for delaying publication of your paper until the position is resolved. An alternative might be to amend it. If you prefer the latter course, perhaps your officials would be in touch with mine, and Patrick Jenkin's, about appropriate changes.

Copies of this letter go to the recipients of yours.

Yours sincerely,

Margaret O'Hara

GEOFFREY HOWE

*(Approved by the Chancellor
and signed in his absence)*

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PARLIAMENTARY UNDER
SECRETARY OF STATE

DEPARTMENT OF ENERGY
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cap JV

The Rt Hon Gerard Vaughan MP
Minister of State for Consumer Affairs
Department of Trade
1 Victoria Street
LONDON
SW1H 0ET

17 December 1982

Dear Gerry,

NATIONALISED INDUSTRY CONSUMER COUNCILS

I have seen your letter of 14 December to Geoffrey Howe.

I am content that you should publish your paper, subject to deleting the final sentence of paragraph 26. I am still considering whether to use the Energy Bill to give statutory status to the Electricity Consumers' Council and I will write to you separately on this point.

I am copying this letter to the recipients of yours.

*Yrs etc.
David*

DAVID MELLOR

17 DEC 1987

1234567890