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HEALTH AND SAFETY COMMISSION

Gas Safety Review – A new Gas Installer Registration Scheme

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Issue

1 Implementing the recommendations from the 2006 review of the domestic gas safety regime and further details of the proposed specification for the new gas installer registration scheme as requested at the 9 January 2007 HSC meeting.

Timing

2 On 27 July 2007, HSE will announce a competition to run the new scheme and will publish it in the Official Journal of the EU. The successful bidder should be announced early in 2008 with the new scheme in place by the end of July 2008.

Recommendation

3 To note progress and the timetable for delivering the new scheme.

Background

4 On 7 March, Lord McKenzie announced that he had accepted the Commission's recommendations arising from HSE's 2006 review of domestic gas safety (HSC/07/09). The core recommendation was to deliver improved consumer gas safety and benefits to gas installers through a reformed gas installer registration scheme and a competition for a new provider. The current scheme, operated by CORGI (Council for Registered Gas Installers), has contributed to improved standards of gas safety and the competition will be open to CORGI along with other prospective bidders to apply to run it.

5 Since early March HSE, assisted by the regulatory economist consultants, Reckon, has worked at developing a specification for the new scheme in consultation with stakeholders, and building on annex 3 of HSC/07/09. Earlier drafts of this specification were considered at stakeholder events on 8 March and 4 April with the proposals gaining general acceptance and support.

Argument

6 This is a novel competition and it has been essential to draw on expert advice in developing the process and arrangements. In addition to using the services of a regulatory economist we are also being advised by the OFT (Office of Fair Trading) and by Treasury Solicitors on the competition aspects of the process. A major consideration has been to ensure the competition is open, transparent and fair for both CORGI, as incumbent, and other potential bidders. To this end we:

- i. Are putting considerable effort into getting the detail of the process right. As this is a service concession, it is exempt from the European procurement rules but we have decided, as a matter of good practice and in the interests of openness and transparency, to take account of the procedure and timescales where appropriate.
- ii. Have taken account of the views and opinions of CORGI and other potential bidders in developing the process.
- iii. Have appointed an independent chair to chair the evaluation panels. This is Rob Wright, formerly a senior civil servant of DTI. The full bid evaluation panel will also comprise key stakeholder representatives to advise on various aspects of the bids and assist with the assessment.

7 The process will be two-stage with the prequalification stage commencing with the announcement of the open competition on HSE's website on 27 July and publication of the OJEU notice. It is planned that selected bidders will be invited to submit full bids during October/November. Following the evaluation of full bids, the Chair of the evaluation panel will make a recommendation to HSE with a decision on the provider of the new scheme likely in early 2008. We also plan to give CORGI the required 12 months formal notice of withdrawal of approval to coincide with the OJEU announcement. This would mean the new scheme provider starts at the end of July 2008 following a transitional period.

8 The new scheme is aimed at delivering innovation in the way it operates and increased benefits for gas consumers and gas installers., Paragraphs 6 and 7 of the description of the tender opportunity document (annex one) summarises the key elements of the new scheme's specification. A key feature of this new scheme will be the requirement to develop and promote a new gas safety brand. This helps create a level playing field for the competition. The provider may use its own brand in the operation of the scheme for the purpose of identifying itself as the operator of the scheme. If CORGI is successful in the competition, it will be able to continue to use the CORGI brand in this way (but not to advertise any particular services except through an advertising arrangement on a market-tested, arm's length basis). Prospective bidders will be required to put forward proposals on how they will deliver the new brand, and how they can effectively market it amongst installers and customers.

9. The full specification on which the invitation to tender documents will be based is available to Commissioners on request.

Consultation

10 Internal consultees include: procurement unit, FOD, STSU, LAO, EAU, CDS, and Press Office. External consultees include T/Sols, OFT, DWP, LACORS.

Presentation

11 There has already been extensive stakeholder involvement in developing the specification for the new scheme. The process for the competition will be open and transparent with further engagement of gas stakeholders through representation on the evaluation panel. The outline timetable for taking this work forward (assuming certain information problems are resolved) is as follows:

- Launch of competition with publication in the OJEU and associated communications activities including ministerial submission, press release, advert in the Financial Times, HSE website update, e-Express, FOD Briefing etc
27 July 2007 and
- **continuing publicity**
after 27th
- Receipt and evaluation of Prequalification questionnaire **September 2007**
- Second stage – Invitation to Tender to short-listed bidders commences:
October 2007
- Evaluation of bids **end Nov/Dec 2007**
- Decision on new scheme provider and associated communications activities including pro-active media engagement to announce new scheme provider:
early 2008
- New scheme commences **before end July 2008**

Costs and Benefits

12 If increased gas safety leads to a reduction of one fatality and one major injury or illness per year, then over the proposed franchise period of 5 years there would be a total saving of £7million in net present value terms for society.

Financial/Resource Implications for HSE

13 HSC/07/09 set out the resource implications for HSE. Taking forward the changes to the regime was estimated as involving 3 staff years (at £240,683). Expert advice on the process has enabled us to better scope the resources required. The revised estimate indicates that, in addition to the HSE cost, additional costs arising from input from specialist consultants and T/Sols are likely to be in the region of £80,000.

Other Implications

14 None

Action / Next Steps

15 To note the launch of the competition for a new gas installer registration scheme on 27 July 2007 and the introduction of the new scheme at the end of July 2008.

Annex One

Description of tender opportunity

HSE is inviting expressions of interest for a provider to be approved to run a new gas installer registration scheme from July 2008. The proposals for this new scheme follow an HSE review of the domestic gas safety regime last year and build on stakeholder views expressed during that review.

Introduction

1. HSE has responsibility for regulating consumer gas safety in GB and does this largely through the Gas Safety (Installation and Use) Regulations 1998 (GSIUR). Regulation 3(3) requires that:

. . . no employer shall allow any of his employees to carry out any work in relation to a gas fitting or service pipework and no self-employed person shall carry out any such work, unless the employer or self-employed person, as the case may be, is a member of a class of persons approved for the time being by the Health and Safety Executive for the purposes of this paragraph.

2 The overall objective of the gas installer registration scheme is to seek to ensure safe standards of gas work that contribute to consumer gas safety. At present, CORGI (Council of Registered Gas Installers) is approved by HSE to undertake this task and maintains an up-to-date register of gas installers who are qualified to install or repair gas fittings and appliances. There are currently 55,000 gas installation businesses registered with CORGI.

3 In delivering the current scheme, CORGI operates against criteria set down by HSE. Under the new scheme, these criteria will be replaced by a new agreement between HSE and the approved provider. This new agreement will be for a period of five years and will set out a number of tasks to be undertaken by the provider and performance will be monitored by HSE.

4 As this is a service concession it is exempt from the European procurement rules.

Particulars of the new scheme

- 5 HSE is seeking innovative proposals to undertake the following tasks:
- i. Maintaining a register of competent gas installation businesses which come within the scope of GSIUR. This will include maintaining a system for consumers to check that the persons carrying out the work are competent to do so and for dealing effectively with consumer enquiries.
 - ii. Raising awareness of the registration requirement amongst trades people and the public. This will include the development and promotion of a dedicated gas safety brand that will be distinct from the identity of the provider and will be owned by HSE.
 - iii. Establishing and operating a system to ensure the competence of registered gas installers. The system should seek to continuously improve upon the current provision. It should also include a system for investigating complaints by consumers about substandard work.
 - iv. A review of the competence requirements for registration with the aim of making proposals to HSE for new, streamlined arrangements.
 - v. Operating a system for investigating cases of unregistered gas work. Upon appointment, the provider will also be required to develop with HSE, proposals for a new enforcement function for dealing with unregistered gas work and non-production by landlords of safety check certificates.
 - vi. Operating an independent appeals process through which gas installer businesses can dispute decisions by the provider.
 - vii. Coordination of stakeholder interests in gas safety standards. This will include:
 - coordination of industry-funded action to improve consumer gas safety awareness. Research last year found that 45% of those members of the public interviewed were unaware of the risks of carbon monoxide (CO) and HSE wants to ensure that there is industry coordinated action to raise awareness of CO risks and gas safety more generally.
 - liaison with gas appliance suppliers to raise awareness amongst the public of the risks associated with installing new and second-hand appliances.
 - operating a system to ensure that safety information is communicated to gas installers and others.
 - viii. Providing advice and support to HSE on matters including investigation and enforcement activities.

In assessing bids to deliver these tasks, HSE will be looking for quality of ideas for establishing constructive relationships with consumers, the industry and other key stakeholders; and delivering these with independence and objectivity.

6 The tasks required must be undertaken by a single-purpose 'ring-fenced gas registration business' wholly owned by the provider. The provider will be able to earn a management fee from the operation of the ring-fenced gas registration business. The ring-fenced gas registration business will be funded by fees charged to gas installers. Bidders will be required to show they will be able to operate efficiently, not impose any unnecessary compliance burdens on gas installers, and avoid conflicts of interest.

7 The provider will also be required to:

- i. Make proposals for appropriate transition arrangements between the existing scheme and the new one.
- ii. Agree to comply with any directions given by HSE.
- iii. Take account of any particular circumstances applying to the devolved administrations.
- iv. Provide sufficient information to HSE to enable HSE to monitor whether the provider is meeting the commitments made in the agreement.
- v. Arrange a performance bond for the benefit of HSE to cover the expected costs to HSE of re-tendering in the event of early termination.
- vi. Arrange a membership fee bond (unless the method for fee collection ensures a steady stream of membership fee income over the course of each year) for the benefit of HSE should the provider's appointment be terminated so that a successor appointed by HSE can be provided with the funds necessary for it to perform the registration functions without the need to charge additional membership fees.

Prequalification Evaluation Panel

8 Interested parties are invited to submit by 3 September 2007 written prequalification statements which establish their competence (a) to prepare and submit full bids in relation to the new HSE gas safety registration scheme and (b), if successful in the full tender exercise, to deliver a scheme compliant with HSE's specification. Interested parties wishing to submit prequalification statements are welcome to discuss issues relating to the outline specification with the HSE up to and including 26 August 2007. They should contact Tim Holt tim.holt@hse.gsi.gov.uk in the first instance.

9 Prequalification statements will be evaluated by a panel of HSE staff, chaired by an independent chairman. Rob Wright, formerly a Senior Civil Servant in the Department of Trade and Industry, has been appointed to the role of independent chairman (and will also chair the subsequent panel being set up to review full bids). The panel will reach decisions on the bidders to be invited to proceed to the full bid

stage on the basis of written prequalification statements alone. A list of those successful in the prequalification process will be made public.

10 Those submitting prequalification statements will be offered the opportunity for feedback on the reasons for their lack of success in the prequalification process. The decisions of the panel will be final.

Evaluation criteria

11 The evaluation panel will review prequalification statements against the following criteria:

- (i) understanding of HSE's requirement and the need and capacity for innovation to strengthen and broaden existing arrangements;
- (ii) evidence of experience in delivering similar outcomes in related or comparable fields, including delivering innovation and continuous improvement without subsequently reducing service quality or incurring significantly higher costs than projected;
- (iii) technical, operational and managerial capability to deliver HSE's requirements from the beginning of the new scheme (where relevant the taking on the staff involved);
- (iv) evidence of the ability to establish independent objective and constructive relationships with a wide range of stakeholders;
- (v) an outline of how the bidder would develop and establish a new brand for the scheme with evidence, where relevant, of a similar past achievement
- (vi) evidence of target setting and monitoring

12 In addition pre-qualification bidders will be required to submit information on their financial standing and insurance arrangements, and on their risk, health and safety and equal opportunities policies. This information will also inform the pre-qualification evaluation process.

Full bid stage

13 In the light of an evaluation of the prequalification statements, HSE will aim to invite bidders to submit full bids by the middle of November 2007. The ITT will be issued to those successful in the prequalification stage in October 2007 allowing 40 days for receipt of tenders. HSE will aim to make the ITT documentation available on its website during September 2007. Bidders may be invited in for presentations/clarifications during December 2007. HSE is aiming to announce its decision early in 2008 with the new scheme to be in place by the end of July 2008.