Regulatory Policy Committee

Health and Safety Executive (HSE)

Administrative change to Gas Safe Register rules of registration enabling service layer engineers to carry out specific meter disconnection activities without being Gas Safe registered

RPC rating: Validated

Description of proposal

The Gas Safety (Installation and Use) Regulations 1998 require that an engineer must be registered as Gas Safe certified to remove, disconnect, and reconnect a gas meter. Following a request from the industry, the HSE is amending regulations to allow sufficiently qualified service layer engineers (SLEs), who are responsible for installing and repairing pipes connecting infrastructure to the gas supply network, to also carry out meter disconnection activities. SLEs are not typically registered as Gas Safe. Gas Safe-registered engineers must be reassessed every five years and businesses must pay an annual registration fee for each engineer.

The proposed changes would allow SLEs who disconnect gas meters to be trained and listed as members of the Energy and Utility Skills Register. This would ensure that engineers are sufficiently skilled to carry out meter disconnection activities and provide a less costly alternative to Gas Safe registration.

The changes are aimed at providing greater flexibility in the planning of work by gas distribution networks (GDNs) and independent gas transporters (IGTs). Both GDNs and IGTs approached the regulator to request the administrative alterations, in order to reduce pressure on limited resources during the peak periods created by smart meter roll-out and the mains replacement programme.

Impacts of proposal

The regulator has conducted a public consultation, a survey of GDNs and IGTs, and a research project conducted by a GDN working with other GDNs to assess the impacts of administrative changes.

Baseline costs

During consultation, businesses stated that they would expect to have to register all SLEs as Gas Safe if administrative changes are not made. The assessment therefore uses a counterfactual that accounts for all unqualified SLEs receiving Gas

Safe training. Based on feedback from the industry, HSE expects training to be given to 5,400 SLEs initially as well as (a best estimate of) 430 unregistered SLEs hired annually as a result of churn.

Based on Gas Safe estimates, the anticipated price of training for SLEs is £180 per head and a training course is expected to take one and a half days to complete. The assessment also uses estimates provided by the industry of the average charge out rate of an engineer to provide a full economic cost of time of £601.13. The assessment therefore estimates the cost per engineer of training at £1,100. This implies an initial training cost of £5.8 million across all SLEs, and an ongoing annual cost of training future SLEs of £470,000 from year 2 onwards.

Gas Safe engineers must be reassessed every 5 years. Using the previously outlined unit costs of training and assessment, HSE estimates a one-off cost of £3.8 million in year 6 as a result of reassessing 3,600 engineers trained in 2017. This number of engineers is based on HSE estimates on the rate of churn of SLE-registered engineers. It also estimates an ongoing annual cost of retraining and reassessing engineers of £310,000 from year 7.

Businesses would also face an additional cost due to annual registration fees of £63.60 per engineer. Assuming a stable number of engineers over the ten years, the assessment calculates this to be £340,000 from the year of implementation onwards.

Total baseline costs to business are estimated at £17 million over ten years in present value terms.

Costs following administrative changes

Based on feedback from the industry, HSE estimates the cost of specific meter-removal training at £250 per engineer and half a day of engineer time. On this basis, it estimates a total cost of specific meter-removal training at £550 per engineer. HSE therefore calculates a one-off training cost to business of £3 million, and ongoing annual costs of £240,000 as a result of churn.

An additional cost to business is generated from providing membership of the Energy and Utility Skills Register to all SLEs. This is equal to £25 per member every five years. The assessment estimates that 2,000 SLEs will require registration over ten years (based on the proportion of non-EUSR registered SLEs estimated following GDN and IGT surveys), and that all future SLEs will require membership paid for. The assessment estimates this to be a recurring cost of £10,000 annually, from the year of implementation.

The assessment calculates total costs following the administrative change to be £4.9 million over ten years in present value terms. Relative to the baseline, this is a net saving of £11.7 million over the ten-year assessment period in present value terms.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of -£1.2 million. This is a regulatory provision that scores under the business impact target.

Quality of submission

The submission adopts an appropriately-structured approach and provides substantive evidence to support its estimate of the impacts of the measure. The regulator provides a good explanation of the methodological approach and assumptions used in its cost calculation, which is proportionate to the scale of the measure.

The assessment would have benefitted from the provision of a little more detail on the methodology of the research undertaken by a GDN and used to support the assessment. This would have helped to support the choice of counterfactual used in the calculations, in particular.

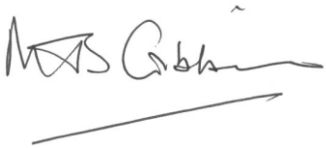
Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net direct cost to business (EANDCB)	-£1.2 million
Business net present value	£11.67 million

RPC assessment[1]

Classification	Qualifying regulatory provision (OUT)
EANDCB – RPC validated	-£1.2 million
Business impact target score	-£6.0 million

[1] For reporting purposes, the RPC validates EANDCB and BIT figures to the nearest £100,000



Michael Gibbons CBE, Chairman