

The Gas Safety (Installation and Use) (Amendment) Regulations 2018

Health and Safety Executive

RPC rating: fit for purpose

Description of the measure

The RPC validated the Health and Safety Executive's (HSE) equivalent annual net direct cost to business (EANDCB) figure for this proposal in an opinion issued on 24 May 2017. That opinion is attached as Annex 1 and provides a detailed description of the measure, its impacts and the RPC's assessment of the quality of the HSE's impact assessment (IA).

In its earlier submission, HSE had anticipated that the Office for National Statistics (ONS) was likely to re-classify housing associations as private sector organisations; it, therefore, included a second EANDCB figure, which included logistical savings to social landlords who have in-house gas engineers. The RPC considered that this was likely to be an indirect impact since it would be realised only if in-house providers took action to re-schedule visits in order to achieve savings. The RPC was, therefore, unable to validate the alternate EANDCB figure, and asked HSE to either provide a clearer explanation of its reasoning for treating this saving as direct, or to exclude it from the EANDCB.

ONS has now re-classified registered providers of social housing in England as private non-financial corporations with effect from 16 November 2017.¹ HSE has therefore submitted a revised IA seeking validation of a new EANDCB figure, which is the same as the alternate EANDCB submitted previously but with the logistical savings to social landlords excluded as an indirect impact.

Impacts of the measure

The previously-validated EANDCB figure was -£2.5 million. The main driver of this figure was the benefit of the measure allowing landlords to carry out gas safety checks earlier than the due date without bringing the due date forward. This would reduce the number of checks needed (this benefit was termed 'programme slippage savings'). Further details are given in the previous RPC opinion at Annex 1. That

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<https://www.ons.gov.uk/news/statementsandletters/statementonclassificationofenglishhousingassociationsnoverember2017>

EANDCB figure excluded impacts on social housing providers, because at the time housing associations were classified as public sector organisations. Overall programme slippage savings to social housing providers are much higher than those to private landlords, because they involve a higher number of properties with shorter existing gas safety check cycles. HSE's original alternate EANDCB figure, including programme slippage and logistical savings to social housing providers, was -£25.8 million. HSE's present EANDCB of -£22.7 million adds only the programme slippage savings because the logistical savings are excluded as indirect, as explained above.

Quality of submission

Under framework rules for the 2015-17 parliament, the proposal would have been a qualifying regulatory provision that would be accounted for under the business impact target (BIT). The RPC considers the present estimate of the EANDCB of -£22.7 million to be robust.

In addition to the comments made in the RPC's May 2017 opinion regarding the high quality of the HSE's analysis and evidence, the RPC notes that HSE's engagement with the RPC on this case has been exemplary. The RPC notes further HSE's acknowledgement of the later implementation date for the measure (originally expected for October 2017 but now April 2018), which would lead to a small revision of the EANDCB figure. To maintain consistency with the previous IA, HSE did not revise the base year of the IA, but will take account of this in a further submission to the RPC before the measure is reported in any BIT report. This submission will also take account of any agreed wider framework changes, including a likely new base year for BIT reporting of measures being implemented in the current Parliament.

As indicated in the May 2017 opinion, the RPC remains of the view that the IA could be improved by using data relating to estate agents specifically engaged in tenant management activities (as opposed to those involved solely in property sales) or at least by explaining how its estimate of 17,000 agents was derived from the Inter-Departmental Business Register and why better data are not available.

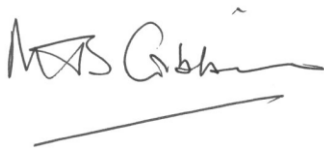
HSE should reflect the revised EANDCB estimate in the summary sheets of the IA.

Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net direct cost to business (EANDCB)	-£25.8 million (initial estimate) -£22.7 million (final estimate)
Business net present value	£213.3 million
Societal net present value	£238.7 million

RPC assessment

Classification	Under the framework rules for the 2015-17 parliament: qualifying regulatory provision (OUT)
Small and micro business assessment	Not required (deregulatory)



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