

Prime Minister

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STANDARDS, QUALITY AND INTERNATIONAL TRADE

Yes not

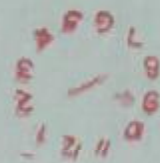
Agree, subject to colleagues
- particularly, DoI and CPRS -
to publication of this White
Paper?

MUS 23/7

I propose to issue before the end of the month (I have in mind 29 July) a White Paper on Standards. This will set out how we propose to enhance the status of standards and quality assurance in the UK and make them a more effective tool for strengthening the international competitiveness of British industry.

The policy underlying the White Paper (draft attached) was endorsed by MISC 14 in early May and there are no major issues that require collective decision. Most of the White Paper proposals are in line with the consensus which has emerged from the various consultative exercises over the past decade on what needs to be done to make our standards system as effective an instrument of trade policy as those of our competitors such as West Germany; they should therefore be broadly acceptable to industry. Consequently, I now see little point in yet another consultative exercise as originally envisaged. What is needed is a programme for action and this is why I am now proposing to issue not a consultative document but a White Paper, albeit one with a few 'green edges' where we are breaking new ground.

The White Paper will bring about the widespread changes we are seeking in industry's attitudes towards standards only if the Government's own determination to make greater use of standards is not in doubt. The White Paper says much about our good intentions in this regard but industry will be looking for concrete evidence. The recent ACARD report - Facing International Competition - made much the same point. I hope therefore that colleagues with purchasing and regulatory responsibilities will ensure that the Government's initiative is taken up energetically within their areas. I propose that we review progress made next Spring although I appreciate that it will take much longer than that before the policy will have had its full impact.



22 JUL 1982



The financial implications of the White Paper are relatively modest (some £2.5m per year). Of this the Department has already included £0.5m in its PES submission for the travel fund for delegates to international standards meetings and I hope that it will be possible to reach an accommodation with the Chief Secretary of the Treasury to whom this minute is copied, which will allow this assistance to continue. However, I see no possibility of accommodating the remaining £2m within my Department's very small PES programme. I must look to Treasury help, therefore, if these initiatives are to go forward. One item to which I attach a good deal of importance is the encouragement and fostering of independent certification schemes and these would account for £1m of the £2m mentioned. I hope the Chief Secretary and other colleagues will be able to agree that the reference in square brackets in paragraph 5.8 can stand as drafted.

Colleagues also attached considerable importance to the development of more effective means of preventing unsafe goods from reaching UK markets, including port controls. We take this point very seriously. Nevertheless in my view, it would be a serious mistake to refer to port controls in the White Paper because of the likely international reaction. We should be likely to earn the Commission's hostility for the whole standards initiative. Accordingly, I propose to consult colleagues separately on this aspect, once the studies I have put in hand are completed.

The proposed timetable for publishing the White Paper is extremely tight. I should therefore be grateful to have any comments by first thing on Tuesday 27 July.

I am sending copies of this minute to members of the Cabinet and to Sir Robert Armstrong.

LORD COCKFIELD

(Approved by the Secretary of State and signed in his absence)

STANDARDS, QUALITY AND INTERNATIONAL COMPETITIVENESS

1 THE IMPORTANCE OF STANDARDS IN WORLD MARKETS

1.1 The Government's determination to enhance the status of standards and quality assurance in the United Kingdom, in order to increase the efficiency of British industry and thereby strengthen its international competitiveness, was announced by the Secretary of State for Trade in the House of Lords on 7 June 1982.^(*) The purpose of this White Paper is to explain in more detail the Government's proposals and the background to them.^(f)

1.2 Success in world markets increasingly depends on a supplier's ability to satisfy customers on non-price factors, as well as price. Quality, which embraces the fitness of a product to meet throughout its life the customer's expectations (including good design, reliability, ease of maintenance, safety, energy consumption, environmental considerations - some of which may flow from regulatory requirements) is often the first consideration in purchasing decisions.

(*) House of Lords Hansard Volume 431 Column 93

(f) A number of specialised terms are used in this White Paper. These are defined in the glossary of terms at Annex C.

1.3 Recognised national and international standards, which reflect the requirements of world markets and not just the particular conditions of the home market, can help firms design, make and sell products with the quality features the customer wants and using sound and up-to-date technologies. Consistent compliance with these standards can be ensured through the use of quality assurance systems. The products can be tested to the standards and, particularly when compliance is backed up by certification, they will be more easily sold in both domestic and world markets.

1.4 Price competitiveness, of course, remains very important. Increased efficiency resulting from the application of new technologies in the developed world and further industrialisation in low-cost countries will intensify competition. Perhaps even more than some of its chief competitors, the United Kingdom must act to keep its prices keen.

1.5 Reducing the multiplicity of procurement specifications and relating the requirements instead to standards promotes industrial efficiency. It helps build a strong domestic base of more economic production runs, reduces unit costs and promotes consistent product quality; and thereby increases competitiveness. Similarly, quality assurance, by helping to minimise production wastage, cuts costs and increases profitability and productivity.

1.6 The experience of other countries shows that strong standards systems capable of securing the industrial and trade benefits identified above do not emerge spontaneously; they involve not only a legal structure but aspects of organisation and attitude which evolve over a long period. Nor is it just a question of reproducing here the legal and institutional arrangements that

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have shown themselves successful in other countries. What is needed is to give strength and coherence to the existing national standards system. This requires the full support of manufacturers and purchasers in the private and public sectors and all those in central and local government who are responsible for drawing up technical regulations and specifications.

1.7 Further, the present corpus of British Standards is of variable quality. In some areas of application, British Standards lead the field; at the other extreme, others are obsolescent. They are not always sufficiently clear and specific for regulatory use. The Government believes, therefore, that a change of approach by British industry to standards and their use is required. Extra effort and better resources must be devoted to the development of relevant clear standards reflecting sound technical practice and commercial considerations. The Government's objective is not to promote British Standards regardless of their quality but to encourage reliance on standards which hold sway in world markets. This may mean that a larger number of British Standards should be derived from foreign or international standards. This would be consistent with the United Kingdom's international obligations to use internationally recognised standards wherever possible and with the United Kingdom's commitment to harmonising standards within the European Community in support of the programme for the elimination of technical barriers to trade under article 100 of the Treaty of Rome. Already, in some sectors (for example, vehicles) standards are largely international.

1.8 The Government attaches great importance to full participation by British experts in international standards work. In order to encourage this participation, the Department of Trade intends to continue a scheme of

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selective assistance for certain British delegates to attend international standards meetings when the present scheme financed by the British Overseas Trade Board expires at the end of this year.

1.9 There have been a number of reports in the past in the standards field, most but not all commissioned by Government. These have often recognised the potential major contribution of the public sector to industrial efficiency by relating its purchasing requirements to standards and greater use of quality assurance schemes. Others have looked at the scope for reducing the proliferation of specifications and certification schemes to improve competitiveness. For one reason or another these previous reports have not brought about the widespread changes in attitudes that are necessary. The international trading environment in which firms must compete has since changed considerably. The Government believes that the time is now right for a new initiative. The recent report - "Facing International Competition"(*) - by the Advisory Council for Applied Research and Development (ACARD) adds strong and independent support to the Government's proposals.

1.10 The principal ways in which Government action can enhance the status of standards as an instrument of improving efficiency and the international competitiveness of British firms are:

(*) "Facing International Competition", HMSO London, July 1982. The ACARD report examines how the standards, quality and regulatory systems of our competitors influence the international competitiveness of their manufacturing firms and considers what changes are necessary in the United Kingdom to secure similar advantages for British manufacturers.

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- (i) closer cooperation between the Government and BSI to develop British Standards which are of the required quality, command respect in world markets and are suitable for regulatory purposes and/or for public purchasing;
- (ii) commitment from the Government to make greater use of standards where appropriate in its regulatory functions and to explore new ways of recognising standards;
- (iii) a much greater emphasis in public purchasing on linking requirements to existing standards rather than technical specifications particular to the purchasers;
- (iv) the encouragement of certification schemes, including possibly the introduction of unified arrangements to accredit such schemes and of an associated national mark.

1.11 No single aspect of these proposals is sufficient to bring about the changes that are necessary. Nor will immediate progress on all four create overnight a more competitive British industry. Many of the changes in practices and attitudes which are required will inevitably take some years to materialise fully. However, the Government is convinced that, if this country is to compete more successfully in world markets, such changes are necessary and the earliest possible start should be made on giving effect to the proposals in this White Paper. There will be resource implications for both public and private sectors, particularly in developing acceptable standards, quality assurance schemes and new certification schemes. For its

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part, the Government is prepared to give its full support to further the proposals outlined in this White Paper.

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2 AN UNDERSTANDING WITH THE BRITISH STANDARDS INSTITUTION

2.1 If standards-making and related activities are to contribute more effectively to industrial and trade policy objectives, there must be close coordination between the Government and the British Standards Institution (BSI) as the national standards authority. Government representation on BSI's Board already includes the Department of Trade, the Ministry of Defence, the Department of the Environment and the Department of Industry. However, both the Government and BSI consider that, if the status of standards in this country is to be enhanced significantly, there is a further need for a more formal and detailed understanding between them on their roles and obligations under the standards system. Consequently, the Government and BSI have agreed to draw up a memorandum of understanding. A proposed text, which has been discussed with the Board of BSI, is at Annex A.

2.2 Under the proposed terms of the understanding, BSI will modify and improve some of the features of standards-making in the United Kingdom in ways which will strengthen its contribution to industrial and trade policy goals. In reviewing over time the existing corpus of British Standards and when drafting new standards, BSI and its committees will seek to ensure that where appropriate these are suitable for regulatory purposes, purchasing contracts and certification and quality assurance procedures.

2.3 For its part, the Government will refrain from drawing up its own technical requirements and specifications, whether for regulatory purposes or purchasing, where it considers it is appropriate to do so and suitable British Standards are available. Where they are not, the memorandum of

understanding will provide arrangements, except in certain specialised areas, for the development of suitable British Standards to an agreed timetable.

2.4 The Government will encourage other public purchasing authorities (such as local authorities and nationalised industries) to participate fully in standards-making and to rely on standards in their purchasing decisions and activities. Similarly, other regulatory bodies will be encouraged to follow the Government's example by making greater use of standards in their activities.

2.5 Other aspects which the understanding will cover include the financing of BSI and standards-making in the United Kingdom and the relationship between the Government and BSI and their respective roles in international standards-making activities.

2.6 The Government considers that BSI is now managed and organised in such a way that it is well able to fulfil its part of this initiative. However the Government believes that positive action is needed also to persuade industrial interests, particularly purchasers, that they should be appropriately represented in the standards-making process; and that having participated in it they should themselves use the standards produced and be willing to see them used for regulatory purposes where appropriate. The greater commercial significance, which a greater recognition of standards will bring, and the Government's example, should lead to further improvements in industrial and other representation on BSI Technical Committees. The proposed memorandum of understanding therefore sets out how the Government and BSI will seek to improve participation in the standards-making process.

- (a) BSI will seek a balance of all interests in its work and their full participation in producing British Standards which not only reflect sound technical practice but also the commercial needs of both manufacturers and purchasers. The Government intends therefore to continue to work closely with BSI on improving the composition of BSI Technical Committees, using the framework of the standard known as BS O Part 2 which specifically covers this issue. (*)
- (b) The Government recognises that for its part it must further improve its representation on BSI Technical Committees. The Department of Trade has recently further improved the policy guidance to Government representatives. (f) In particular each Government representative will in future say with regard to a standard in the preparation of which he has participated whether and to what extent the standard is likely to be acceptable to his Department for regulatory or purchasing purposes.

(*) BS O 'A Standard for Standards' (revised end 1981) contains three parts. The first covers the principles of standardisation; the second, BSI and its committee procedures; and the third, the drafting and presentation of British Standards.

(f) "Guidelines for Government Representatives on Standards Committees" - published by the Department of Trade (revised 1981).

3 GIVING ADDITIONAL STATUS TO STANDARDS BY REGULATORY MEANS

3.1 British Standards are developed by a voluntary consensus process. There is no requirement on those who participate in their preparation to use them. Generally, their status reflects the accuracy with which they meet the technical requirements of the market place and hence their usefulness to manufacturers and purchasers, who may voluntarily decide to adopt them. The eventual status of standards thus largely depends on the skill of those who formulate them. Section 2 of this White Paper has described the Government's proposals for improving participation in the standards-making process.

3.2 Standards are given additional status directly if they are used for regulatory purposes. The legislation under which a regulatory body operates normally provides various ways by which it can specify how compliance with the requirements of the legislation may be achieved. The regulatory body may (but in no case is obliged to) define its technical requirements by reference to British Standards. Standards can be made mandatory. In such a case compliance with specified standards is prescribed as the only way of meeting the requirements of the legislation. Standards may also be referred to on a "deemed to satisfy" basis. In this case compliance with a specified standard or the relevant part of it would be one way of achieving full or partial compliance with the requirements of the legislation. It is left open, however, for it to be demonstrated that goods not complying with the standard meet the requirements in other ways. Standards may also be referred to by less formal means, for example, in guidance or other documents. In many

cases the fact that a product complies with a standard specified in this way constitutes a prima facie defence in court. Standards may also be used informally by enforcement officers in interpreting duties imposed by legislation.

3.3 The degree to which a regulatory body is prepared to recognise compliance with a particular British Standard as a sufficient and necessary condition of meeting the requirements of the statute will help determine the status which that standard enjoys. Further, the more standards which are recognised for regulatory purposes, the more the status of the whole corpus of standards will be enhanced.

3.4 Other benefits flow from using standards for regulatory purposes. Standards can help regulatory bodies clarify their technical requirements and provide them with an economical means of expressing these. This can help industry to comply and so simplify the process of enforcement. Industrial costs may also be reduced if regulatory and commercial requirements of a technical nature can be aligned through the medium of a standard.

3.5 The Government's objective is therefore that in future regulatory bodies should, wherever it is necessary to express technical requirements in regulations, do this as far as possible by reference to British Standards which also reflect market requirements. Moreover, where regulatory bodies use standards less formally this and the standards used should be made known as widely as possible.

3.6 In the course of time and, if pursued over a wide enough field, action under this approach would enhance considerably the status of standards. Manufacturers and purchasers would have a powerful incentive to expand the standards system and ensure that existing standards were in good order. The Government recognises that regulatory bodies already make considerable use of standards in their activities and that increased formal recognition of standards assumes that the standards to be so recognised are of a clarity which makes them suitable if necessary for reference in legal proceedings and that they fully reflect good technical practice and are up to date. Nevertheless, the Government believes that more needs to be done and it has therefore considered what further action might be taken under existing legislation to further its objective; and what complementary changes might be introduced in two pieces of legislation of central importance to this area which are currently under review - namely the Consumer Safety Act 1978 and the Building Regulations, made under Section 61 of the Public Health Act 1936 as amended by Section 61 of the Health and Safety at Work etc Act 1974.

Mandatory standards

3.7 The Government considers that widening the present field in which specific technical requirements are imposed by mandatory references to standards merely to underpin this initiative would be unwarranted. However, it recognises that there will continue to be cases when mandatory technical requirements are necessary and that reference to standards in this context does help to underpin the status of standards generally.

Recognising standards on a "deemed to satisfy" basis

3.8 Where, for example, legislation contains a general requirement that goods must either be safe (Section 6, Health and Safety at Work etc Act 1974), or that unsafe goods may not be placed on the market or put into use, provision may be made for recognising standards on a "deemed to satisfy" basis. The advantage of recognising standards in this way is that it gives those who comply with the standards greater certainty of where they stand, particularly in legal proceedings whilst permitting compliance by other routes and thus providing for technological innovation. It also simplifies enforcement.

Approved standards

3.9 Some legislation, including the Health and Safety at Work etc Act 1974 and the Consumer Safety Act 1978, provides for standards and similar specifications to be approved by a Secretary of State. Subject to the need for consultation specified in the relevant Act, such approvals can be given rapidly. However, compliance with approved standards may not provide an absolute defence in the courts depending on the parent legislation. The Department of the Environment has proposed to move to this approach for building control purposes.^(*) So far its proposals have given rise to no objections and, if successful, would help strengthen the standards system in the United Kingdom.

(*) "The Future of Building Control in England and Wales" (Cmd 8179) and the Department of the Environment's consultative letters of 27 May 1982.

3.10 The Government considers that greater use of "deemed to satisfy" standards and "approved" standards will strengthen and reinforce the status of standards in this country and therefore proposes to extend the use of both approaches.

Approved bodies

3.11 The Secretary of State for the Environment has also proposed powers to recognise "approved bodies". Relevant documents (for example, standards) issued by such bodies would become approved for the purposes of the Building Regulations, without necessarily requiring individual recognition by the Secretary of State. It seems likely that BSI and the Agreement Board (*) would be candidates to become approved bodies though further consideration will be given to the arrangements to ensure consistency between the various standards and the Building Regulations themselves.

Public consultation procedures

3.12 At present there exist complex and often protracted consultation procedures which must be undertaken before a standard can be given legal status. These costly and time-consuming processes duplicate to a large extent the consultation procedures which BSI undertakes before it adopts a

(*) The Agreement Board is sponsored by the Department of the Environment and operates a national scheme for assessment and certification, by an "Agreement Certificate", of innovative building products for which British Standards have not yet been written.

standard. The Government believes that there is scope to run consultative procedures simultaneously in a number of areas and has therefore asked BSI and the regulatory bodies concerned to consider with it possible arrangements.

Informal use of standards

3.13 Regulatory bodies also use standards administratively. The Health and Safety Executive (HSE)^(*), for example, is often asked by manufacturers to clarify its safety requirements in the design of equipment and plant. HSE does this in a number of ways. It is currently participating in some 350 BSI Technical Committees. Through numerous joint industry bodies it is promoting the adoption and use of safety standards or elements of standards of a less formal kind. Over 100 standards are already referred to in non-statutory guidance material and, as a matter of record, HSE has not prosecuted for breach of statutory duty as regards safe design in any case where the design has been to a British Standard. More significantly, HSE inspectors use hundreds of product standards (mainly but not necessarily British Standards) informally in providing guidelines on factory visits and as yardsticks against which to measure the design of equipment.

(*) The Health and Safety Executive is the executive arm of the Health and Safety Commission established by the Health and Safety at Work etc Act 1974 to carry out the duties imposed by that Act.

3.14 The Government considers that if HSE's use of these standards were more widely known and recognised by manufacturers, the status of the standards would be correspondingly enhanced. This would be further strengthened if the HSE emphasised its general reliance on such standards. The Health and Safety Commission's (HSC) initial reaction is that it would be prepared to issue information to manufacturers on the use it makes and intends to make of standards; and to detail standards of particular relevance to health and safety at work; and, where appropriate, in the case of standards outside the British Standards system, to publish the standards themselves. It intends also to refer more extensively to relevant standards in future guidance material. Finally, it intends to review its priorities for the development of new standards or the updating of existing ones and to follow these up in discussions with interested bodies, including BSI.

3.15 Although HSE is by far the largest user of standards on an informal basis, it is the Government's aim to extend the practices described above to other regulatory bodies. Regulatory Departments are considering publishing lists of those standards which they use informally.

3.16 As a further stimulus to the general enhancement of standards, and bearing in mind the proposed understanding with BSI, the Government has asked the HSC to consider whether it could make public an intention that where the HSE had participated without serious reservation in the formulation of standards, these would henceforth be a point of reference in its enforcement policies and would be liable to be proposed for formal recognition under Section 16 of the Health and Safety at Work etc Act 1974. The Government has also suggested that in cases where, for cogent reasons, HSE found it difficult to recognise particular standards, HSE should be prepared to make

known those reasons. The HSC's initial reaction is positive. It would be prepared to participate in BSI Technical Committees on the basis that it expects to be able to make use of the resulting standards in carrying out its statutory duties and to regard these as indicative of its safety requirements. The HSC also accepts that there is a need to make clear publicly the basis on which it will in future consider approving standards under Section 16 of the Act and it intends to proceed with this as quickly as the need for consultation with interested parties will allow. The Government considers that this approach should be extended to other regulatory areas where standards are used in this informal way.

A new concept of "sound and modern practice"

3.17 As part of its review of the Consumer Safety Act 1978, the Department of Trade is considering the case for a new general concept such as "sound and modern practice" (that is, rules of technology agreed by experts in the field to be the correct response to specific technical problems). The Act at present empowers the Secretary of State to make regulations and orders to prevent unsafe goods being supplied; it imposes no general duty on manufacturers not to market unsafe goods. It might be possible to amend the Act so as to impose such a duty on suppliers using the criterion of "sound and modern practice". The corollary would be that standards would not be approved for the purpose of the general duty unless they embodied "sound and modern practice". The legal and enforcement implications of such an approach are being considered carefully.

Initial Integrity

3.18 Standards provide one way of assuring the initial integrity of equipment used in industry (ie that the design and construction of a product are such that the product is safe and without risks to health when supplied). HSE is devoting resources to ensure the initial integrity of plant and articles for use at work. The Government recognises that only a small proportion of industrial accidents result directly from poorly designed equipment as opposed to the various other hazards that exist in industry. Nevertheless, there may be further scope for changes in administrative practice to give emphasis to a product's initial integrity as demonstrated by compliance with standards.

3.19 It is for consideration whether some redefinition of the duty in these respects under Section 6 of the Health and Safety at Work etc Act 1974 is required. The courts have not so far interpreted Section 6 to mean unambiguously that articles should be designed to be safe so far as is reasonably foreseeable and practicable, so that the prevention of unsafe plant at the supply stage has been rendered difficult to enforce.

3.20 It may be necessary to develop a readily available means of attesting that a product which may not meet a standard nevertheless is manufactured in accordance with sound and modern practice. Otherwise there is a risk that as compliance with standards becomes more widely required in this country, technological progress may be impeded. The specification of particular persons competent to make these judgements might be a suitable device. The "competent person" is already used in connection with health and safety legislation; though not in reference to standards but to the regular checking

of safety in use of certain plant. The HSE is considering whether there may be scope for extending the areas of activity of "competent persons" in the examination of plant and systems prior to their use.

Preventing the supply of unsafe products

3.21 Power to prohibit the supply of "unsafe" products is often identified as a significant feature of some standards legislation overseas. Such powers already exist under the Consumer Safety Act 1978, though as part of its review of the Act, the Department of Trade is considering how the powers might be made more effective. However, there are few equivalent provisions under other legislation - none for construction products and effectively none for equipment used in factories. The Health and Safety at Work etc Act 1974 provides powers but only in extreme cases to prevent or prohibit dangerous activities and the supply of particular classes of goods carrying an imminent risk of danger; it does not provide any readily usable discretionary power for HSE inspectors rapidly and effectively to prohibit the supply of articles which they judge to be unsafe, ie representing a potential hazard.

3.22 The prohibition powers under the Consumer Safety Act 1978 can be exercised by any Secretary of State. It would therefore be open to the Secretary of State for Employment to exercise them for articles for use at work. In practical terms, the responsibility for enforcement will need to be studied carefully, as will the difficulties where an article could be supplied both for use at work and by the consumer. The Government has,

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therefore, invited the HSC to take part in a study on the feasibility of using the prohibition provisions of the Consumer Safety Act 1978 for articles for use at work, where these might usefully supplement their existing powers.

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4 PUBLIC PURCHASING

4.1 Alongside use of standards in its regulatory activities, the second major way in which the Government can contribute towards the creation of a strong national system of standards is in its role as a purchaser itself and by the lead it can give to other major public purchasers. In many areas public purchasers occupy a powerful and influential position in relation to the industries which supply them. It has long been recognised that large-scale purchasers can help promote industrial efficiency by relating their requirements to standards and making greater use of independent certification. However, complaints are still heard and have recently been repeated in the ACARD report - "Facing International Competition" - that public purchasers still use their own individual specifications and assessment procedures and that this adds both to the burdens on suppliers and to purchasers' costs.

4.2 The public sector purchases virtually every type of product on the market ranging from every day consumer items to bespoke products. Clearly, the relevance of standards will vary from product to product. By reducing their own standards-making activities, public purchasers can help not only to strengthen BSI as the national forum for standards-making and ensure that their activities contribute to a stronger body of national standards but can also obtain resource savings themselves. Also, using standards in purchasing specifications makes it easier to harmonise the needs of various purchasers and to enhance industrial efficiency. Therefore, the Government will make greater use of standards in its purchasing requirements and will be encouraging other public purchasers to do the same.

4.3 The Government will draw the attention of other public purchasers to the guidelines to Government representatives on BSI Technical Committees, so that they may similarly strengthen and clarify the role of their own representatives. It will encourage other public purchasers to follow its example in coming to a formal understanding with BSI. It will urge public purchasers to consider using graded standards rather than their own technical specifications where they have slightly different requirements to other customers. In all of this the Government will be aiming to share experience and stimulate new approaches rather than lay down requirements which may not be appropriate to specific purchasers or industries.

5 QUALITY ASSURANCE AND CERTIFICATION

5.1 Just as standards are an important means of strengthening the international competitiveness of British goods, so too are the complementary activities of quality assurance and product certification. The potential benefits which can result from the application of modern quality assurance practice need to be widely-recognised. The Government will collaborate with bodies already active in this field to promote a quality awareness campaign with particular emphasis on the importance of education and training.

Quality assurance

5.2 Quality assurance, in the form of sound technical and administrative procedures for ensuring quality, offers more scope for reducing costs and enhancing competitiveness and profitability than many other management controls. It does this by reducing materials wastage, lost production time, re-work, extra handling and rejections. Improved quality and reliability, by improving customer satisfaction, leads to increased sales competitiveness, reduced warranty claims and premium pricing.

5.3 BSI has developed a compendium of quality assurance standards, which includes authoritative guides and specifications for all aspects of the

subject, published in its Handbook 22.^(*) Amongst these, the standard for quality systems, BS 5750,^(f) is the heart of the modern approach to quality assurance and is being adopted increasingly by leading purchasers in both the public and the private sectors as their standard for assessing the quality capability of their suppliers.

5.4 The Department of Trade, with the collaboration of purchasing Departments and many other public sector authorities, is compiling a register of manufacturers who have been assessed by one or other of these public authorities to BS 5750 or its direct equivalent. The register will also include the names of firms which have been assessed to the same standard by independent third party assessors, such as BSI. This register, which it is hoped to publish before the end of 1982, will demonstrate clearly the extent of the commitment by leading purchasers and many manufacturers to the best practices of quality assurance. Besides helping to reduce the overall need for multiple quality assessment of companies, the publication of the register should encourage many others involved in purchasing and manufacture to adopt the approach and discipline of BS 5750.

(*) "Quality Assurance BSI Handbook 22" - published by BSI (September 1981).

(f) British Standard 5750, "Quality Systems" - published by BSI (1979).

5.5 The Department of Industry already assists small firms to introduce quality assurance systems through the Manufacturing Advisory Service. Improved product quality is also an important criterion when judging projects for support under the Science and Technology Act 1965. As part of the Government's initiative to promote quality assurance, the Department of Industry will encourage firms to submit projects for support directed towards this objective.

Product certification

5.6 Product certification schemes(*) in their developed form involve the inspection and testing of the product concerned to see that it conforms to relevant standards, the assessment of an applicant manufacturer's quality assurance system and the subsequent rechecking of production and the marketed products to ensure that they continue to meet the required standards.

5.7 Such schemes help to promote product quality in several ways. First, they ensure that the quality assurance system of a firm is organised in line with modern practice. Second, the regular testing of products helps to identify problems at an early stage and improve product design. Third, they improve the product standards themselves by feedback from certification and

(*) Where the inspection and testing of the products concerned involve a subjective assessment of the suitability of the product to satisfy specified requirements, such as safety, then the scheme is often described as an approvals scheme. For the purposes of this White Paper, product certification covers both certification and approval schemes.

testing experience. For the user, product certification gives greater confidence in the integrity of the product, saves product inspection and failure costs, improves industrial efficiency and helps to ensure the overall quality and performance of larger systems and assemblies of which the tested products form part.

5.8 Two or three hundred individual product categories are covered by certification schemes in the United Kingdom, most of them operating under the BSI Kite-mark or Safety-mark schemes(*) and many of which are in the process of adapting their quality assessment requirements to BS 5750. The Government believes that it would be of advantage to industry, particularly exporting industry, if more certification schemes were available and these schemes were used by Government Departments. The Government is currently discussing with manufacturers and other interested parties several proposals for product certification and quality assurance schemes. [The benefits may well justify pump-priming support for new schemes, or extensions of existing ones, subject to appropriate criteria. The extent and form of such support (for example, initial loan finance) will be considered by the Government in the light of consultations on specific schemes].

(*) The "Kite-mark" is a protected mark used by BSI to certify that a product complies with a British Standard. Similarly the BSI "Safety-mark" certifies that a product complies with British Standards specifically concerned with safety or to the Safety requirements of British Standards which cover other product characteristics as well.

5.9 Recently the Department of the Environment announced its intention of requiring Kite-marked or other independently certified products (where these are available) to be specified in contracts for items to be used in buildings constructed for or managed by the Property Services Agency (PSA). Consequently, PSA are looking at independent certification schemes based on British standards, and in particular are working with BSI to identify existing Kite-marked Schemes, which meet PSA's needs. The first group of schemes were made mandatory for PSA work from April 1982. Again, underlying these actions is the recognition of the cost savings to be made. The Minister for Housing and Construction announced on 16 July 1982(*) that the benefits of this approach were being brought to the attention of all major public purchasing authorities responsible for construction programmes. The active support and cooperation of trade and professional associations is also being sought.

Unified arrangements for accrediting certification schemes

5.10 A number of existing certification schemes are already used for regulatory or public purchasing needs and some have been formally nominated for the purposes of European Community directives. However, such recognition has developed piecemeal over the years and last year the Department of Trade

(*) House of Commons Hansard Volume 27 Column 495.

consulted very widely on common criteria to be met by certification schemes seeking recognition by Government Departments, for example, that appropriately qualified staff should be employed and that certification should be on the basis of relevant and testable criteria. The response was generally favourable.

5.11 With the wider recognition and use of certification schemes for both regulatory and public purchasing purposes and the prospective growth of new certification schemes, the Government is giving urgent consideration to central arrangements for assessing and accrediting certification schemes. The case for such arrangements and their scope and form are discussed at Annex B.

5.12 Briefly, the benefits should include the application of consistent and widely agreed criteria, economy of effort and resources and increased status of accredited certification schemes. To ensure such benefits, certification schemes should be accredited by a central agency and accepted without further assessment or inspection by Government Departments, where appropriate, as being suitable for recognition for regulatory requirements or public purchasing.

5.13 Certification schemes accredited in this way should gain an authority and status extending into international markets and providing a solid base on which to negotiate reciprocal and bilateral agreements with overseas

authorities. A national accreditation system, would be underpinned by the National Testing Laboratory Accreditation Scheme (NATLAS)(*) and the register of quality assessed manufacturers.

5.14 There is therefore a strong prima facie case for developing such unified accreditation arrangements and this view is reinforced by the recent ACARD Report - "Facing International Competition". Accreditation would be voluntary, open to applicants in both public and private sectors and granted against published criteria. However, wider aspects of the scope, management and cost of the unified arrangements need further study, in particular whether an agency is best located within central Government or elsewhere.

A national accreditation mark

5.15 The Government is also considering whether an accreditation scheme could usefully be supplemented by the establishment of a "national accreditation mark". It would be a readily recognised indication that the certification scheme had been formally assessed and recognised under the national system. An accreditation mark, when linked with the scheme's own mark, should further enhance confidence in the quality of the product.

(*) The National Testing Laboratory Accreditation Scheme (NATLAS) established formal recognition of the competence of British testing laboratories. It is a voluntary scheme whereby laboratories which satisfy certain requirements concerning staff, equipment, general facilities and management will be accredited as competent to carry out defined types of test.

6.1 The Government believes that a strong national policy for standards will improve the reputation for quality of British goods and thereby support the efforts of British industry in selling to world markets. It considers that the programme of changes in policy and practice it proposes offer a means of achieving this objective. A change in direction of the magnitude envisaged will not be achieved immediately. It will take time before new arrangements are fully developed. Similarly, the benefits to the country's international trade performance will be gradual but steady. The Government hopes that its programme will command the widespread support in all sectors of the economy and amongst manufacturers, purchasers and regulatory bodies which will ensure its success.

6.2 Any comments on these proposals should be sent, by 1 November 1982, to the Standards and Quality Policy Unit of the Department of Trade:

Department of Trade
Room 455
1-19 Victoria Street
London SW1H 0ET

DRAFT MEMORANDUM OF UNDERSTANDING BETWEEN THE UNITED KINGDOM
GOVERNMENT AND THE BRITISH STANDARDS INSTITUTION ON STANDARDS

The United Kingdom Government and the British Standards Institution (BSI) make the following Memorandum of understanding which records their joint commitment to enhance, strengthen and maintain the national standards system in the United Kingdom and their intentions in this regard. This Memorandum recognises that the British Standards Institution is the national standards authority operating under a consolidated Royal Charter and Bye-laws granted in 1981 and confirms the status of British Standards as national technical agreements developed and used to serve the public interest and in accordance with the provisions of the Restrictive Trade Practices Act 1976. It also recognises that the formulation of British Standards, through the BSI committee structure, depends on voluntary participation. By established practice, standardisation in certain specialised areas (for example food and medicinal products administration) generally lies outside the British Standards system and, where it does, it is outside the scope of this Memorandum.

Article 1

- (i) The Government will use all appropriate means to support and foster the achievement by BSI of the objects for which it was constituted by Royal Charter. In particular it will maintain an annual grant-in-aid for the standards work of BSI, the level of which grant-in-aid will take account of the resources subscribed voluntarily to BSI by other bodies and of the benefit to the public interest which derives from the national standards system.

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- (ii) BSI will account annually for the expenditure of the Government's grant-in-aid in accordance with conditions which shall from time to time be agreed.

Article 2

- (i) BSI will in all its work on the preparation of standards take fully into account the public interest in standards. In particular it will, in accordance with priorities agreed between BSI and the Government, review, and where appropriate revise, existing British Standards and seek to ensure that these and where appropriate new standards will be suitable for reference in Government regulations as unambiguous statements of technical requirements.
- (ii) In developing new and revising existing standards BSI will have particular regard to the importance of seeking to ensure that such standards will be suitable where appropriate for reference in public purchasing contracts with especial emphasis on their suitability for certification and quality assurance procedures.
- (iii) Where the Government needs to make reference to technical specifications and requirements in regulations and other similar instruments it will, where it considers suitable British Standards are available and it is appropriate to do so, incorporate them by reference. Similarly the Government will where appropriate seek to use British Standards for its purchasing needs rather than develop its own specifications.

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- (iv) Where the Government considers that no existing British Standards are suitable for its purposes, the Government and BSI will seek to agree a timetable for the development of the necessary standards. Where such a timetable has been agreed, the Government will refrain from developing standards or purchasing specifications for these purposes unless in its view circumstances change, in which case it will consult BSI before so doing. BSI will amend, or if this is not feasible, withdraw or withhold publication of any British Standard which may be in conflict with such technical regulation or specification.
- (v) BSI will where appropriate develop suitable graded standards to meet differing needs.

Article 3

- (i) BSI will give priority to requests for standards work which the Government considers to be in the national interest. Such priorities will be accorded in consultation with the standards committee structure and in accordance with a mutually agreed timetable. Provision for such work shall normally be made within the BSI system for resource allocation but where exceptionally, work is required urgently, the Government will consider providing additional financial support until such time as the work can be accommodated within the BSI general programme.

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- (ii) Where the development of a revised or new standard requires research and development to be performed in order to establish improved test methods or data, the Government will consider contributing towards the cost.

Article 4

- (i) In the preparation of British Standards BSI will ensure that its Committees adhere to the guidance and recommendations of BS O 1981 "A Standard for Standards". BSI will ensure that any amendments to this standard do not prejudice the aims and objectives of this Memorandum.
- (ii) BSI will seek a fair and acceptable balance of all relevant interests in its work and encourage their full participation in producing British Standards which not only reflect sound and modern technical practice but also take fully into account the commercial needs of both manufacturers and users.
- (iii) The Government will ensure that its representatives participate fully in activities at every level of BSI's Board, Council and Committee structure. In particular they will make such contributions to the technical, commercial and legislative aspects of standards work as are necessary and appropriate, drawing upon the resources and expertise within Government to do so. In addition, the Government representative on a BSI Technical Committee will, before a draft British Standard is issued for public consultation

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and at final approval stage, say whether and to what extent it is likely to be acceptable to his Department for regulatory or purchasing purposes.

- (iv) The principles governing the participation of Government representatives in BSI committees are set out in the "Guidelines for Government Representatives on Standards Committees" published by the Department of Trade. These Guidelines will be reviewed by the Government from time to time in consultation with BSI to ensure that practical participation in BSI's work by Government representatives fully reflects the aims and objectives of this Memorandum.

Article 5

- (i) The Government recognises BSI as the United Kingdom member of ISO (International Organisation for Standardisation), IEC (International Electrotechnical Commission), CEN (European Committee for Standardisation) and CENELEC (European Committee for Electrotechnical Standardisation). In the electrotechnical field this recognition extends to the British Electrotechnical Committee which forms an integral part of BSI as the Electrotechnical Council of the Institution.
- (ii) The Government will support BSI's efforts to achieve international harmonisation of standards through these international and European standards organisations,

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international agreements and other arrangements in the interests of British industry and trade.

(iii) The Government will keep BSI informed of any inter-governmental discussions concerned with standards or associated technical regulations, unless there are reasons of confidentiality for not doing so. It will invite BSI where appropriate to participate in such discussions especially those which may lead to intergovernmental agreements concerning standards and will take fully into account BSI's views on the best means of implementing such agreements. This applies with particular regard to the European Community and its programme for the elimination of technical barriers to trade.

(iv) Taking into account obligations arising from adopted directives of the European Community, BSI will promote the development of European standards based as far as possible upon wider international agreements and in a form suitable for reference in Article 100 directives. In matters affecting existing or proposed legislation of the United Kingdom or the European Communities, BSI, after consulting interested parties, will seek to ensure that the position taken by United Kingdom delegations in European standards committees will be consistent with the view taken by the Government after its own consultations and communicated to BSI from time to time.

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Article 6

- (i) The Government and BSI will encourage fuller participation by all concerned, especially by public purchasing authorities, in the preparation of British Standards; and compliance with British Standards where appropriate in their purchasing decisions, quality assurance requirements and operational procedures.

- (ii) Both BSI and the Government will exert their best efforts to promote understanding and awareness of standards and their uses through educational, training and promotional activities. Furthermore, BSI and the Government will seek to strengthen national information services on technical regulations, national and international standards and on associated certification and approvals schemes.

Article 7

The Government and BSI will support and encourage any understanding between BSI and other major standards users and other initiatives to support national standards work, which may flow from this Memorandum.

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Article 8

This Memorandum comes into effect on the date of signing and remains in being unless amended by agreement or terminated by either party following consultation with the other.

The Secretary of State for Trade
(on behalf of the United Kingdom
Government)
London 1982

The President of BSI
(on behalf of the British
Standards Institution)

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UNIFIED ARRANGEMENTS FOR ACCREDITING CERTIFICATION SCHEMES

1 The Government is considering the case for and the possible scope and operation of unified arrangements for the accreditation of certification schemes.

2 The Government believes that the advantages of individual certification schemes could be considerably enhanced by the added status and authority that national accreditation might convey. Formal accreditation would improve the acceptability of certificates in the important fields of international trade and public procurement, and in demonstrating compliance with legal, regulatory and insurance requirements. The degree to which purchasers and regulatory authorities would accept certificates from accredited certification bodies as evidence of safety or quality would therefore be critical to the scheme's success. The same applies to overseas authorities concerned with the importation and licensing of goods.

3 An important further benefit of a national accreditation scheme arises from the increase in the status and utility of certification which should follow from the Government's commitment to such a scheme. As the demand for certification grows among public and private sector purchasers, the overall quality of British manufactured goods should rise, improving their international competitiveness, particularly by helping to meet the increasing demand in international trade for third-party certification.

4 Economies should also arise. Assessing and accrediting certification bodies is complex and a unified approach should be more efficient and cost effective. Some of these advantages are already achieved through the involvement of the Department of Trade in several existing certification schemes, for example in nominating approvals bodies for European Community directives. The National Testing Laboratory Accreditation Scheme (NATLAS) is already yielding similar advantages by reducing duplication of expertise and effort in assessment.

5 The Government recognises that the criteria for accreditation would have to be sufficiently specific and demanding to maintain high standards while retaining sufficient flexibility to encompass an adequately wide range of certification schemes. Compatibility of criteria with those being developed by the International Organisation for Standardization (ISO) would also be desirable to encourage ultimate international harmonization. Recently the Government consulted widely on common criteria to be met by certification schemes seeking recognition by the Government. The response to this was generally favourable.

6 These criteria or guidelines cover the structure, operation and management of certification schemes. The criteria include that the certification body would be free of conflicting commercial interests, be staffed by competent professional, managerial and technical personnel and its governing board be representative of the principal interests. Its technical operation would be based as appropriate on published standards, technical regulations or similar specifications and include arrangements for assessing the quality assurance systems of applicants, product testing (in NATLAS test houses) and monitoring of both manufacturers and products. Moreover, each

certification body should possess a registered mark, provide for appeals against its decisions, have adequate insurance against public liability and be able to ensure the protection of commercially confidential information gained in the course of its work.

The scope of a national scheme

7 In the arrangements that emerge the Government will encourage the private sector to develop its own certification schemes with the option of seeking the status that accreditation would confer. The essential features of a national accreditation scheme would seem to be:

- a) it should be voluntary;
- b) accreditation should be open to both the public and private sectors;
- c) it should be a 'federation', so preserving the identity of accredited bodies;
- d) accreditation should be against published criteria (for example, including possibly that certified products comply with all relevant British Standards) and subject to periodic monitoring;
- e) it should be run on commercial lines and become self-financing.

8 The Government believes that the initial emphasis should be on those product certification and approvals schemes which include an assessment of manufacturers' quality assurance systems. Eligibility should not be restricted to schemes concerned only with safety aspects of performance; the Government sees considerable advantage in covering wider features so as to encourage high standards of quality.

The operation of a national scheme

9 To convey the necessary degree of independence and authority, any unified recognition scheme must have the full backing of the Government itself. However, it is for consideration whether the scheme's executive should be located within Government or elsewhere.

10 The Government already gives individual recognition to certification bodies for specific purposes (for example European Community directives). The Government also operates two national accreditation schemes - the British Calibration Service, BCS (for calibration laboratories) and NATLAS (for test houses) - the executive of both being located at the National Physical Laboratory.

11 Alternatively the executive could be located within a body outside Government. The ACARD report - "Facing International Competition" - suggested the British Standards Institution (BSI), on the grounds of that organisation's considerable expertise and experience in the assessment of manufacturers' capability and in the operation of certification schemes. But the operation of the scheme would have to be organisationally separated from

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BSI's commercial certification activities, in a similar way to its standards-writing function. Another option would be to locate the executive in a professional engineering institution or similar body having appropriate technical expertise.

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GLOSSARY OF TERMS

For the purposes of this White Paper the following terms and definitions are used. They are, in general, terms and definitions employed by the International Organisation for Standardisation (ISO), the Economic Commission for Europe (ECE) and the General Agreement on Tariffs and Trade (GATT) and other international organisations in the standards field.

Approval:

A judgement, by a body with the necessary authority, that a product fulfils a published set of criteria which includes subjective judgements on aesthetics, ease-of-use and similar aspects of design, as well as (probably) compliance with specific standards or safety regulations.

Certification:

The action of certifying, by means of a certificate of conformity or mark of conformity, that a product or service is in conformity with specific standards or technical specifications.

Certification scheme:

A scheme, having its own rules of procedure and management, for carrying out conformity and approval certification.

Certification body:

An impartial body, governmental or non-governmental, possessing the necessary competence and reliability to operate a certification system, and in which the interests of all parties concerned with the functioning of the system are represented.

Code of Practice:

A document providing practical guidance for the design, manufacture, setting up, maintenance or utilization of equipment, installations, structures or products.

Quality assurance:

All activities and functions concerned with the attainment of quality.

Quality control:

A system for programming and coordinating the efforts of the various groups in an organisation to maintain or improve quality, at an economical level which allows for customer satisfaction.

Regulation:

A binding document which contains legislative, regulatory or administrative rules and which is adopted and published by an authority legally vested with the necessary power.

Standard:

A technical specification approved by a recognised standardising body for repeated or continuous application.

Technical Regulation:

A regulation containing or referring to a standard or a technical specification.

Technical specification:

A specification contained in a document which lays down characteristics of a product such as levels of quality, performance, safety or dimensions. It may include, or deal exclusively with terminology, symbols, testing and test methods, packaging, marking or labelling requirements as they apply to a product.