

APPENDIX 8.1  
*(referred to in paragraph 8.97)*

**NHBC's views on arbitration of any dispute concerning  
standards of different schemes**

**(Extract from letter of 2 December 1990 from NHBC to MMC)**

1. In response to your letter of 26th November regarding 'arbitration' we thought NHBC had made it clear enough at the third hearing that the scheme proposed, hypothetically, by the MMC was a non-runner. We hope that there is no doubt whatsoever in your mind that NHBC flatly rejects the scheme as unworkable, for the reasons stated at the hearing.
2. If further comment on the role of arbitration is required, we restate that differences between schemes will be reflected in the practical administration of each scheme, which will vary from time to time, and from region to region. Differences or equivalence are unlikely to be susceptible to ex ante objective judgment. In any event, there ought to be differences between schemes and, if the MMC were to reflect on the matter, competition in this area is quite likely to take the form of innovations in term, cover and other features. Yet, as each change is introduced, a new and futile source of disagreement would emerge. At the moment, innovation is present on a scheme by scheme basis and ought to be encouraged with the minimum of co-operation or collusion.
3. As for the BSI, we doubt if the narrow issues of technical compatibility to which you refer are remotely helpful. In the short time available, we cannot comment further.