

# One-in, One-out: Fourth Statement of New Regulation

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## Ministerial Foreword



The Government wants to make the UK the best place in Europe to start, finance and grow a business. Cutting the costs and burden of regulation is a key ambition of the Government's Plan for Growth.<sup>1</sup>

Businesses tell us they are starting to see a change. In the 2012 Business Perceptions Survey fewer firms cited regulation as an obstacle this year, compared with recent years. More than half of businesses think that the burden of regulation will either stay the same or decrease during the next 12 months.<sup>2</sup> Clearly there is much more to do, but at least these results suggest some progress.

This Fourth Statement of New Regulation demonstrates that we have stabilised the cost to business of new domestic regulation, which was previously rising inexorably. Since 2011, savings to business from cuts in regulation have outweighed the costs of new domestic regulation by over -£850 million. As expected, the bulk of the regulatory savings delivered through private pensions' indexation in the First Statement of New Regulation has now been offset by pensions automatic-enrolment. Excluding private pension reform, regulatory savings to business since 2011 are expected to be at least -£160 million.

This Statement of New Regulation includes a number of important initiatives and subject to the will of Parliament, the Enterprise and Regulatory Reform Bill will deliver legislation aimed at encouraging long term growth. It reflects our aim to cut the costs of doing business and remove regulatory burdens that inhibit innovation. The Bill will reduce inspection burdens, repeal some unnecessary regulations and put a time-limit on new regulations so Departments will need to make a case to Parliament to keep regulation, otherwise it will be scrapped.

We know that telling businesses about regulatory changes in good time is vital so that they understand how changes will affect them and can plan ahead. We will publish future Statements a full 12 weeks in advance of each Common Commencement Date.<sup>3</sup>

Taken individually, these may seem like small steps, but together they are making a real difference. It is our aim to continue to cut the costs to business of regulatory burdens to boost consumer and business confidence.

A handwritten signature in black ink, appearing to read 'Mark Prisk', written over a horizontal line.

**Mark Prisk**

**Minister of State for Business and Enterprise**

<sup>1</sup> [http://cdn.hm-treasury.gov.uk/2011budget\\_growth.pdf](http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf)

<sup>2</sup> <http://www.bis.gov.uk/policies/bre>

<sup>3</sup> We aim to publish the fifth Statement of New Regulation 12 weeks ahead of the April 2013 Common Commencement Date.

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## Statement of New Regulation

This Fourth Statement of New Regulation reports on the application of the One-In, One-Out rule to new domestic regulation for the second half of 2012. Today, each Government Department will publish a summary of the regulations with an impact on business that it intends to introduce between July and December 2012. These will include:

- giving small enterprises and subsidiaries flexibility in how they submit their company reports, through regulatory changes to audit rules introduced by the Department of Business, Innovation and Skill (BIS);<sup>4</sup>
- giving business the flexibility to determine the most appropriate set of accounting rules, giving them choice through changes introduced by BIS;<sup>5</sup>
- improved implementation of HM Treasury's (HMT) EU Money Laundering Directive, ensuring that the UK is a hostile environment for money launderers and terrorist financing while reducing the burden of regulation on legitimate businesses;<sup>6</sup>
- changes to the Home Office's (HO) vetting and barring scheme, scaling back criminal records disclosure and barring arrangements by making criminal records checks more portable and reducing the need for repeat checks;<sup>7</sup>
- a more flexible and streamlined inspection arrangement through the Department for Education's (DfE) Early Years Foundation Stage measure, allowing teachers and other education professionals to focus on supporting children while not undermining their ability to protect children;<sup>8</sup> and
- savings to business from the implementation of measures identified through the Red Tape Challenge,<sup>9</sup> such as repealing the Smoke-Free Signs Regulations.<sup>10</sup>

This Statement demonstrates that we are meeting our commitment not to increase, and even to reduce, the net burden of domestic regulation. Indeed the number of deregulatory measures has doubled by comparison to the Third Statement of New Regulation.

This remains true even though we have completed our package of Workplace Pensions Reforms started in the First Statement of New Regulation, which will help millions of workers to take personal responsibility to save for their retirement. Before introducing this package of reforms, we recognised the difficult economic conditions. We commissioned the independent 'Making Automatic Enrolment Work' Review which recommended changes to make the reforms work better for employers and pension providers. In addition to offsetting the burden on business through private pensions' indexation changes, we have deferred, until the next parliament, the automatic enrolment requirement for small businesses, giving them longer to prepare and saving them -£137 million.

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<sup>4</sup> The departmental estimate is ≤-£390 million (BIS0301). The RPC has confirmed that this measure would qualify as an 'OUT'. The exact scale is to be finalised but is likely to be at least -£100 million. Final figures will be provided in SNR5.

<sup>5</sup> This measure is a BIS 'OUT' of -£2.08 million under One-In, One-Out in SNR4 (BIS00304).

<sup>6</sup> This measure is a HMT 'OUT' of -£3.13 million under One-In, One-Out in SNR4 (HMT1122).

<sup>7</sup> This measure is a HO 'OUT' of -£9 million under One-In, One-Out in SNR4 (HO0034).

<sup>8</sup> This measure is a DfE 'OUT' of -£10 million under One-In, One-Out in SNR4 (DfE0017).

<sup>9</sup> Annex C contains a breakdown of changes made as a result of the Red Tape Challenge.

<sup>10</sup> This measure is a DH 'OUT' of -£0.07 million under One-In, One-Out in SNR4 (DH3085).

## Account for Government's OIOO position January 2011 – December 2012

This Statement shows that the bulk of the regulatory savings delivered through private pensions' indexation from the first Statement have now been offset by pensions automatic-enrolment. The cumulative reduction of business burdens since 2011 is now approaching -£850 million. Excluding private pensions reform, the cumulative reduction of business burdens since 2011 is at least -£168 million.

	SNR1	SNR2	SNR3	SNR4	Position at December 2012
<i>Volume</i>					
<b>INs</b>	10	8	7 <sup>11</sup>	15	<b>40</b>
<b>OUTs</b>	8	23 <sup>12</sup>	15 <sup>13</sup>	31 <sup>14</sup>	<b>77</b>
<b>Zero Net Costs</b>	19	19	18	12	<b>68</b>

<i>Annual regulatory cost to business excluding pensions reform (millions)</i> <sup>15</sup>					
<b>INs</b>	£65	£11 <sup>16</sup>	£13	£99	<b>£188</b>
<b>OUTs</b>	-£12	-£205 <sup>17</sup>	-£12	-£129 <sup>18</sup>	<b>-£357</b>
<b>NET</b>	<b>£53</b>	<b>-£194</b>	<b>-£1</b>	<b>-£29</b>	<b>-£168</b>

<i>Regulatory cost/benefits to business from pensions reform (millions)</i>					
<b>INs</b>	£0.00	£0.00	£0.00	£2,839	<b>£2,839</b>
<b>OUTs</b>	-£3,342	-£27.00	-£5.00	-£144	<b>-£3,519</b>
<b>NET</b>					<b>-£680</b>

<b>NET Total (including pensions reform)</b>	<b>-£848</b>
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<sup>11</sup> This includes two additional measures introduced by the Home Office during the SNR 3 period.

<sup>12</sup> This excludes two measures which were delayed to SNR3 and SNR4 (Defra1306 and Defra0168).

<sup>13</sup> This excludes four expected 'OUTs'. Two are now RPC validated as 'Zero Net Cost' (DCLG12008, DCMS043), and two have been delayed beyond SNR4 (DCLG12009 and DCMS034).

<sup>14</sup> 13 measures have been preliminarily confirmed as deregulatory at consultation stage. Until a formal RPC opinion is issued for the final IA, 'OUTs' have been treated as '£0.00'. This is a deliberately cautious approach so we would expect the value of the deregulatory measures to rise.

<sup>15</sup> This excludes private pensions indexation (-£3,342) introduced during SNR1 (DWP0014); occupational pensions schemes (-£27) introduced during SNR2 (DWP0011); abolition of contracting out for defined contribution pensions schemes (-£5.26) introduced during SNR3 (DWP0015); and pensions reforms introduced during SNR4 ('INs': DWP0001b, DWP0005; 'OUTs': DWP005a, DWP0025 and DWP0026).

<sup>16</sup> This reflects the updated figure for Department for Environment, Food and Rural Affairs' 'Private Sewers' measure. See Annex A for further details.

<sup>17</sup> This reflects an additional £5 million 'OUT' as a result of an updated RPC validated IA for the Department for Environment, Food and Rural Affairs' Simplification of the contaminated land regime.

<sup>18</sup> This includes an estimate for BIS' 'Audit Exemption' (BIS0301). The departmental estimate for this measure is ≤-£390 million. The RPC has confirmed that this measure would qualify as an 'OUT'. The exact scale is to be finalised but is likely to be at least -£100 million. We have therefore, cautiously, included -£100 million in our calculations, as not doing so would significantly alter the regulatory picture in a misleading fashion. Final figures will be provided in SNR5.

[Annex A](#) contains a breakdown by department for the first 24 months of the One-In, One-Out rule being applied to new domestic regulation. Individual departmental tables are available from the relevant Departments.

*There are a few specific measures whose treatment in the Statement warrants further explanation:*

- The Department of Energy and Climate Change is introducing its important Green Deal policy as part of Britain's transition to a low-carbon economy. Part of this – the 'Energy Company Obligation' (ECO) - has not yet been classified by the independent Office for National Statistics (ONS) as either regulation or taxation. Applying the same approach as we did for the extension to 'Carbon Emissions Reduction Target' (CERT) in the first Statement of New Regulation, we have included this measure in the Statement but not scored it in the OIOO accounting.
- In addition, DECC are introducing a requirement for smart meters which will allow consumers (residential and business) to have real time information on their energy consumption to help them control and manage their energy use and save money on bills. It will also save energy companies operating costs as fewer meter readings will be required.
- There are a number of measures which the Regulatory Policy Committee has preliminarily classified as 'OUTs' at the time of consultation. The final figures have not yet been confirmed and have therefore been treated as £0.00, but the Government believes these measures should be implemented as quickly as possible to help business. The figures will be included in SNR5 once they have been through the external scrutiny of the RPC.

## The year ahead

Private sector growth is ever more vital and we need to redouble our efforts to minimise costs on industry. This Statement shows that we continue to make progress on delivering our regulatory ambition, both by reducing the domestic regulatory burden and by changing Whitehall's culture. This is supported by the Regulatory Policy Committee's report published in March 2012<sup>19</sup>, which shows that there was a significant increase in the proportion of Impact Assessments in 2011 that were found to be 'fit for purpose', rising from 69% to 75%.

So our work is already having a real impact and we are committed to continuing the momentum:

- We will continue to deliver the remaining Red Tape Challenge themes and push implementation so businesses feel the impact as soon as possible;
- Subject to the will of Parliament, the measures in the Enterprise and Regulatory Reform Bill will scrap unnecessary red tape and boost business confidence, such as easing the handling of workplace disputes by facilitating the use of settlement agreements between employers and employees;

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<sup>19</sup> <http://regulatorypolicycommittee.independent.gov.uk/wp-content/uploads/2011/09/Rating-Regulation-July-2011-FINAL-A.pdf>

- Our Focus on Enforcement reviews will begin to report back before the autumn; and
- Our efforts to stem the flow of EU regulation will continue apace.



## ANNEX A – DEPARTMENTAL POSITIONS

### Cumulative Departmental Positions to 30 December 2012<sup>20</sup>

Department	Volume			Annual regulatory cost to business (millions) <sup>21</sup>		
	INs	OUTs	Zero Net Cost	INs	OUTs	Net
Department for Business, Innovation & Skills	3	9	13	£8.25	£-139.04 <sup>22</sup>	£-130.79
Department for Communities & Local Government	1	7	8	£0.03	£-4.82	£-4.79
Cabinet Office	0	0	2	£0.00	£0.00	£0.00
Department for Culture, Media & Sport	0	6	4	£0.00	£-9.77	£-9.77
Department of Energy & Climate Change	4	6	5	£57.02	£-2.53	£54.49
Department for Environment, Food and Rural Affairs	7	11	11	£0.78	£-143.33	£-142.56
Department for Education	0	9	1	£0.00	£-11.10	£-11.10
Department for Transport	4	7	11	£6.55	£-2.49	£4.06
Department of Health	5	4	2	£21.54	£-1.50	£20.04
Department for Work & Pensions / Health & Safety Executive	3	8	2	£2839.12	£-3519.70	£-680.58
Food Standards Agency	0	1	0	£0.00	£-0.13	£-0.13
HM Treasury	3	6	1	£1.69	£-31.70	£-30.01
Home Office / Government Equalities Office	10	3	6	£93.32	£-9.99	£83.33
Ministry of Justice	0	0	2	£0.00	£0.00	£0.00
<b>Total<sup>23</sup></b>	<b>40</b>	<b>77</b>	<b>68</b>	<b>£3,028.30</b>	<b>£-3,876.10</b>	<b>£-847.81</b>

<sup>20</sup> 19 measures have not yet received formal RPC opinions at final Impact Assessment stage. 13 measures have been preliminarily confirmed as deregulatory and 5 are expected to have 'Zero Net Cost' to business. Until a formal RPC opinion is issued for the final IA, 'OUTs' have been treated as '£0.00'. This is a deliberately cautious approach so we would expect in the near future to be able to confirm the value of the deregulatory measures to rise.

<sup>21</sup> Equivalent Annual Net Cost to Business (EANCB), as measured using the *One-in, One-out* methodology

<sup>22</sup> This includes a BIS 'OUT' (BIS0301) which the department estimates at ≤£390 million. The RPC has confirmed that this measure would qualify as an 'OUT'. The exact scale is to be finalised but is likely to be at least -£100 million. We have therefore, cautiously, included -£100 million in our calculations, as not doing so would significantly alter the regulatory picture in a misleading fashion. Final figures will be provided in SNR5.

<sup>23</sup> 0.01 discrepancy between departmental costs and table totals for 'INs' and 'OUTs' due to rounding effects.

## Departmental Positions July to December 2012<sup>24</sup>

Department	Volume			Annual regulatory cost to business (millions) <sup>25</sup>		
	INs	OUTs	Zero Net Cost	INs	OUTs	Net
Department for Business, Innovation & Skills	0	3	2	£0.00	-£102.08 <sup>26</sup>	-£102.08
Department for Communities & Local Government	0	2	1	£0.00	-£0.30	-£0.30
Cabinet Office	0	0	1	£0.00	£0.00	£0.00
Department for Culture, Media & Sport	0	3	0	£0.00	-£0.40	-£0.40
Department of Energy & Climate Change	2	1	2	£57.00	£0.00	£57.00
Department for Environment, Food and Rural Affairs	3	1	1	£0.41	£0.00	£0.41
Department for Education	0	8	1	£0.00	-£11.03	-£11.03
Department for Transport	0	3	2	£0.00	-£0.00	-£0.00
Department of Health	0	2	0	£0.00	-£1.01	-£1.01
Department for Work & Pensions / Health & Safety Executive	1	1	0	£0.12	-£0.80	-£0.68
Food Standards Agency	0	0	0	£0.00	£0.00	£0.00
HM Treasury	2	2	0	£0.21	-£3.76	-£3.55
Home Office / Government Equalities Office	5	2	1	£41.72	-£9.16	£32.56
Ministry of Justice	0	0	0	£0.00	£0.00	£0.00
<b>Total<sup>27</sup></b>	<b>13</b>	<b>28</b>	<b>11</b>	<b>£99.46</b>	<b>-£128.54</b>	<b>-£29.08</b>
<b>DWP's Pensions Reform (SNR1-4)<sup>28</sup></b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>£2,839</b>	<b>-£3,518.66</b>	<b>-£679.66</b>

<sup>24</sup> 13 measures have not yet received formal RPC opinions. 10 measures have been preliminarily confirmed as deregulatory and 3 are expected to have 'zero net cost' to business. Until a formal RPC opinion is issued on the final IA, 'OUTs' have been treated as '£0.00'. This is a deliberately cautious approach so we would expect in the near future to be able to confirm the value of the deregulation to rise.

<sup>25</sup> Equivalent Annual Net Cost to Business (EANCB), as measured using the *One-in, One-out* methodology.

<sup>26</sup> This includes a BIS 'OUT' (BIS0301) which the department estimates at ≤-£390 million. The RPC has confirmed that this measure would qualify as an 'OUT'. The exact scale is to be finalised but is likely to be at least -£100 million. We have therefore, cautiously, included -£100 million in our calculations, as not doing so would significantly alter the regulatory picture in a misleading fashion. Final figures will be provided in SNR5.

<sup>27</sup> 0.01 discrepancy between departmental costs and table totals for 'INs' and 'OUTs' due to rounding effects.

## Departmental Overview<sup>29</sup>

There are a few departmental positions which warrant further explanation:

- Department for Environment, Food and Rural Affairs (DEFRA) had a deficit of around £47 million, largely from 'Private Sewers' (an 'IN' of £186 million). DEFRA submitted an updated Impact Assessment (reflecting further information on capital asset transfer) to the Regulatory Policy Committee which validated this measure as a 'Zero Net Cost'. DEFRA's deficit has now been eliminated;
- Department of Health (DH) are running a deficit of around £21 million, but making progress towards reducing it through the planned introduction of two 'OUTs' (totalling around -£2 million) during SNR4 and two Red Tape Challenge themes to identify further 'OUTs';
- Department for Transport (DfT) are running a small deficit of £4 million and identified a compensatory 'OUT' during SNR3. This 'OUT' is now expected to be introduced and validated by the Regulatory Policy Committee during SNR4;
- Department for Work and Pensions (DWP) automatic enrolment regulation is the largest regulatory measure to date (£2.8 billion). However, this is more than offset by the Department for Work and Pensions change to private pensions indexation introduced during the first Statement (-£3.2 billion); and
- Home Office (HO) are increasing their deficit by a further £27 million, but are implementing two 'OUTs' expected to reduce burdens on business by over £9 million.

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<sup>28</sup> This includes private pensions indexation (-£3,342) introduced during SNR1 (DWP0014); occupational pensions schemes (-£27) introduced during SNR2 (DWP0011); abolition of contracting out for defined contribution pensions schemes (-£5.26) introduced during SNR3 (DWP0015); and pensions reforms introduced during SNR4 ('INs': DWP0001b, DWP0005; 'OUTs': DWP005a, DWP0027 and DWP0026).

<sup>29</sup> The Third Statement of New Regulation published in February 2012 included 13 measures which had not yet received formal RPC opinions at the time of publication. Further detail on these measures is available from the summary of the regulations with impact on business published by each Government Department.

## ANNEX B – THE REGULATION STORY

One-in, One-out continues to be a vital component of our efforts to reduce the burdens stemming from domestic legislation. The Government is also active on other fronts which businesses tell us are important to them.

### Europe

The Government vigorously promotes better regulation in EU policy-making. We continue to prevent the ‘gold-plating’ of EU Directives when they are transposed into UK law, so that British firms are not placed at a competitive disadvantage compared to their EU counterparts.

*At the EU level we are pursuing the following key objectives:*

- Securing a new EU programme to reduce the overall regulatory burden of EU legislation;
- Minimising the burden of EU legislation on SMEs;
- Early influencing to shape potentially burdensome proposals; and
- Improving the use of impact assessment in EU institutions.

The Prime Minister and eleven other Heads of Government wrote to European leaders, in February, setting out their ‘Plan for Growth in Europe’. The letter included a strong call for the Commission to initiate a new and more ambitious programme to reduce the burden of EU regulation, and this call has also been repeated in European Council Conclusions. At a meeting in Vilnius in May of sixteen like-minded Member States, Vince Cable secured considerable support for reducing EU regulatory burdens.

To assist Small and Medium Sized Enterprises (SMEs), we are supporting targeted action to take forward the Commission’s commitments last November to reduce the burden of EU legislation on the smallest companies. We strongly welcomed an agreement finally concluded in March which will exempt up to 1.4 million UK small businesses from certain EU accounting rules. The Commission is shortly to launch a consultation on the “top ten most burdensome EU laws”, and we will encourage businesses throughout the UK to give strong feedback.

We continue to influence planned and potentially burdensome changes to EU legislation: for instance, we have raised concerns with the Commission and with other Member States’ ‘SME Envoys’ about various measures including a proposal for a health and safety Directive on musculo-skeletal disorders (ergonomics), and proposed changes to EU data protection legislation.

Further details on our action on EU regulation can be found at:  
<http://www.bis.gov.uk/policies/bre/improving-eu-regulation>

## Transforming Regulatory Enforcement

In the Transforming Regulatory Enforcement strategy, the Government is committed to addressing the way in which regulation is enforced at the front line and transforming the way businesses experience regulation day to day. This means improving the relationship between business and those bodies responsible for ensuring compliance with the law, ensuring a transparent and accountable enforcement system based on real risks.

The Government is driving an approach to enforcement that is appropriate, proportionate, fit for purpose and risk-based. Inappropriate, inconsistently-applied or heavy-handed enforcement costs business time and money, even if the underlying regulation itself is not an issue.

**Focus on Enforcement** - In March the Government announced the first of a series of sector-based reviews of enforcement, to examine whether national and local regulatory enforcement was being undertaken and placing the minimum necessary burden on business. The Focus on Enforcement campaign and call for evidence seeks views from businesses and others on their experiences of enforcement, good and bad, so that enforcement activity can be improved.

The first three reviews covered small businesses in food and drink manufacturing, chemicals and volunteer events and the outcomes of these reviews will be published in the autumn. The next round of reviews has just been announced and will look at pubs, particularly community pubs, coastal assets and development.

The Focus on Enforcement website has also published information on the main national regulators and regulatory activity undertaken by local authorities, featured in one place for the first time. This provides data on their main responsibilities and remit, total budget for regulatory activity and the level of headcount devoted to regulatory activities.

**Primary Authority** - The Government has introduced legislation to extend the benefits of the Primary Authority scheme to hundreds of thousands more businesses, including SMEs. The extension of the scheme will promote greater consistency and assurance for businesses, and introduce greater recognition for businesses' efforts to comply through strengthened inspection plans.

**Compliance Code** - The Regulators' Compliance Code will be reviewed to assess its impact to date and consider whether the Code should be strengthened to improve the accountability and transparency of regulators to businesses.

**Local Enterprise Partnerships** - The Better Regulation Delivery Office has been working with pathfinder Local Enterprise Partnerships to develop local accountability and transparency to support business competitiveness and share practice with the LEP network.

## Micro-business Moratorium

The micro-business moratorium continues to be essential in deterring or deferring regulatory intervention by the Government alongside One-In, One-Out. It has increased the level of scrutiny that is given to the impacts of new regulatory interventions on the smallest businesses. These businesses are least equipped to deal with new regulation.

## Sunsetting of regulations

Changes proposed in the Enterprise and Regulatory Reform Bill will strengthen the legal powers under which sunset and review clauses can be included in secondary legislation.

To date, a sunset or review provision has been included in over 60 new regulations (including regulations implementing new EU obligations). This will strengthen the way Government monitors the impact of regulation and help to ensure that redundant legislation does not remain on the statute books

Sunsetting supports early action where regulation is proving costly or ineffective and will provide wider opportunities for scrutiny by Parliament, and by the businesses affected. It will also promote greater departmental accountability for the quality of their regulatory activity.

## Red Tape Challenge

Reducing the burden of regulation on business is essential for economic growth. Central government is reducing and reforming the stock of regulations through the Red Tape Challenge and associated deregulation programmes across departments.

Since its launch in April 2011, 22 themes have been launched on the website, covering over 4,000 regulations. More than 28,900 public comments and over 950 private submissions have been received so far from business and the general public on how current legislation could be removed or improved.

The challenge and decision-making process has already been completed on ten themes: Retail; Hospitality, Food & Drink; Road Transport; Manufacturing; Health & Safety; Employment Related Law; Environment; Equalities; Children's Services; and Rail. Ministers have announced that 50% of over 1,800 regulations across these themes will be scrapped or improved.

Significant Government commitments so far include:

- Reforms to environmental regulation that will save business at least £1 billion over 5 years while keeping important protections;
- A radical package of Employment Tribunal reforms that is expected to deliver £40 million of savings per year to employers;
- Scrapping or improving 84% of Health & Safety regulations; and
- Introduction of a universally portable Criminal Records Bureau check, which employers will be able to view instantly online from March 2013.

Deregulation commitments on Energy are expected to be announced shortly.

About half of the announced changes will have a real deregulatory benefit for businesses and/or individuals, such as fewer or less onerous rules to comply with, or improved clarity of guidance so that businesses can cut their costs associated with over-compliance. The other half remove redundant and obsolete regulations from the statute book, or consolidate regulations into a smaller number so they are easier to understand and follow.

147 deregulatory changes have already been implemented, with 76 more to come in the Fourth Statement of New Regulation (SNR4) and many more in subsequent SNR periods.

Red Tape Challenge measures to be implemented during the period covered by SNR 4 can be found in Annex C. They include 'OUTs' estimated to provide savings to business of £11 million per year. More 'OUTs' are expected from Red Tape Challenge in future SNR periods, and there will also be significant changes included in the Enterprise and Regulatory Reform (ERR) Bill currently before Parliament.

Further information on announcements and the Red Tape Challenge in general can be found at: <http://www.redtapechallenge.cabinetoffice.gov.uk/home/index/>.

## ANNEX C – RED TAPE CHALLENGE

### Red Tape Challenge Measures Entering Into Force before<sup>30</sup> or during SNR4 Period (July-December 2012)

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Retail	BIS	<b>Repeal of Bunk Beds (Entrapment Hazards) (Safety) Regulations 1987</b> This repeals regulation protecting children from certain risks associated with bunk beds; redundant now that consumer protection is covered by General Products Safety Regulations.	October 2012	1	0
Retail	BIS	<b>Repeal of Children's Clothing (Hood Cords) Regulations 1976</b> This repeals legislation that ensured that hood cords in outerwear do not pose a risk to children; now redundant as it is covered by General Products Safety Regulation.	October 2012	1	0
Retail	BIS	<b>Repeal of Imitation Dummies (Safety) Regulations 1993</b> This repeals legislation that prohibited the supply of specific goods which could be mistaken for dummies and potentially cause injury or death to children. Legislation is no longer regarded as necessary as such products are no longer sold.	October 2012	1	0

<sup>30</sup> Including RTC measures which were not included in the Third Statement of New Regulation (SNR3) but were implemented between January and June 2012.

<sup>31</sup> Improved by simplifying regulation, by merging, improving domestic implementation or changes to EU rules.



Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Retail	BIS	<b>Repeal of Wheeled Child Conveyances (Safety) Regulations 1997</b> This repeals legislation that requires prams and pushchairs to meet specific safety standards, as consumer protection is now covered by General Product Safety Regulations.	October 2012	1	0
Retail	BIS	<b>Repeal of Indication of Prices (Beds) Order 1978</b> This regulation prohibits anyone selling a bed from indicating at what price it can be resold at. It also prohibits, except in circumstances set out in the Order, dual price marking of beds. The objectives of this Order were superseded by the Competition Act 1998 which prohibited all forms of price fixing.	October 2012	1	0
Retail	BIS	<b>Repeal of Cooking Utensils (Safety) Regulations 1972</b> This regulation restricted cooking utensils from being coated in dangerous metals which can endanger health. It is now redundant due to newer EU Regulations 1935/2004 in addition to the European Directive 84/500/EC which sets limits for lead and cadmium in food contact materials.	October 2012	1	0
Retail	BIS	<b>Repeal of Child Resistant Packaging and Tactile Danger Warning (Safety) (Revocation) Regulations 1992</b> This repeals legislation introduced to revoke the Child Resistant Packaging and Tactile Danger Warnings (Safety) Regulations 1992. This is now redundant due to the introduction of Regulation 1272/2008/EC which regulates certain types of re-closable packaging.	October 2012	1	0
Retail	BIS	<b>Amendment of the Hallmarking Act 1973</b> This simplifies the Hallmarking Act to enable UK Assay Offices to better compete with overseas competitors by allowing them, for the first time, to conduct hallmarking operations in offshore locations.	October 2012	0	1

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Retail	BIS	<p><b>Introducing a Voluntary Code for Age Restrictions Regulations</b></p> <p>This introduces a voluntary code of practice that has been developed alongside business, local authority and enforcement stakeholders for age restricted products such as alcohol, tobacco and solvents.</p>	October 2012	0	16
Manufacturing	BIS	<p><b>Improve/merging of Textiles Regulations (EU) with new Directive</b></p> <p>Legislation that requires products to be labelled with or accompanied by an indication of their fibre content was repealed after Regulation (EU) no. 1007/2011 came into force.</p>	May 2012 (Completed)	0	6
Manufacturing	BIS	<p><b>Repeal of unnecessary product safety regulations</b></p> <p>The repeal of 6 unnecessary product safety Statutory Instruments as all are covered by the General Product Safety Regulations and/or other regulations:</p> <p>They are: All-Terrain Vehicles (Safety) Regulations 1989, Gas Catalytic Heaters (Safety) Regulations 1984, Gas Cooking Appliances (Safety) Regulations 1989, Heating Appliances (Fireguards) Regulations 1991, Magnetic Toys (Safety) (Revocation) Regulations 2009 and Stands for Carry-cots (Safety) (Revocation) Regulations 1996.</p>	October 2012	6	0
Manufacturing	BIS	<p><b>Repeal of redundant regulations on the iron and steel industries (EU)</b></p> <p>These regulations relate to a historical scheme for the payment of benefits to certain steel workers. The scheme was terminated in 1994 with limited transitional provisions. These regulations no longer contain any relevant operative provisions and are now redundant.</p>	October 2012	3	0

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Manufacturing	BIS	<p><b>Repeal of Export Control (Uzbekistan) (Amendment) Order 2009</b></p> <p>This Order amended the Export Control (Uzbekistan) Order 2005. The 2005 Order was revoked in 2010 as a result of the Council of the European Union's decision not to renew restrictive measures against Uzbekistan. The 2009 Amendment Order is now redundant and revoking it will have no legal effect.</p>	April 2012	1	0
Manufacturing	BIS	<p><b>Revocation of the Export of Goods (Control) (Bosnia-Herzegovina) (ECSC) Order 1993</b></p> <p>This Order revoked an earlier Order which banned the export of goods covered by the ECSC Treaty (coal and steel) to Bosnia-Herzegovina without authorisation. The relevant EU Decision was revoked and replaced by a ban on the export without authorisation of all goods to Bosnia-Herzegovina contained in the Export of Goods (Control) (Croatian and Bosnian Territories) Order 1993, in accordance with UN Security Council Resolution 820 (1993). Revoking this revocation order will have no legal effect.</p>	August 2012	1	0
Manufacturing	BIS	<p><b>Revocation of the Export of Goods (Control)(Haiti) Order 1993</b></p> <p>This repeals the redundant export control order implementing trade sanctions and arms embargoes imposed by legally-binding United Nations Security Council Resolutions and Decisions of the Council of the EU against Haiti. It sets out the penalties for breaches of the sanctions. Revoking this revocation order will have no legal effect.</p>	August 2012	1	0

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Manufacturing	BIS	<p><b>Revocation of the Export of Goods (Federal Republic of Yugoslavia) (Control) Order 2002</b></p> <p>This repeals the redundant export control order implementing trade sanctions and arms embargoes imposed by legally-binding United Nations Security Council Resolutions and Decisions of the Council of the EU against the Federal Republic of Yugoslavia. It sets out the penalties for breaches of the sanctions. Revoking this revocation order will have no legal effect.</p>	August 2012	1	0
Hospitality, Food & Drink	DCLG	<p><b>Exempt holiday lets from Energy Performance Certificates requirements where they are rented out for less than 4 months in a 12 month period<sup>32</sup></b></p> <p>Guidance was issued in December 2011 which made clear that the requirement to have an Energy Performance Certificate for holiday lets did not apply where the property is rented out for less than 4 months in a year, or it is let under a licence to occupy – regardless of the amount of time it is occupied. From 1 October, the regulations will provide that a domestic building rented out for less than 4 months a year will not require an EPC.</p>	October 2012	0	1
Hospitality, Food & Drink	DCMS	<p><b>Proposal to exempt live music from the provisions of the Licensing Act 2003<sup>33</sup></b></p> <p>To exempt small venues staging live music events from the provisions of the Licensing Act 2003 to remove regulatory burdens and costs.</p>	October 2012	1	0

<sup>32</sup> This measure is an EU 'OUT' with an unscored EANCB figure.

<sup>33</sup> This measure is an 'OUT' of -£0.4 million under One-In, One-Out in SNR4 (DCMS014).

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Hospitality, Food and Drink	DEFRA	<b>The Fish Labelling (England) Regulations 2010</b> These regulations protect consumers, e.g. they ensure that fish labelled as 'cod' is only from the species that can correctly be described as cod. However the regulation is to be revised so that species names can be published on a website (rather than requiring additional Statutory Instruments).	December 2012	0	1
Children's Services	DfE	<b>The Childcare (General Childcare Register) (Amendment) Regulations 2012<sup>34</sup></b> This amendment simplifies regulations relating to 0-5 years and 5-8 years to ensure childcare providers of both groups are not subject to two different categories and requirements of regulations.	September 2012	0	2
Children's Services	DfE	<b>The Childcare (Inspections) (Amendment and Revocation) Regulations 2012<sup>35</sup></b> To give flexibility to schedule enforcement inspections based on risk by removing prescriptive rules for Ofsted to inspect.	August 2012	2	0
Children's Services	DfE	<b>Childcare (Early Years Register) (Amendment) Regulations 2012<sup>36</sup></b> To require childminders to complete Early Years Foundation Stage training before registering but simplifying the procedure for CRB checks.	September 2012	0	1

<sup>34</sup> This is an 'OUT' of -£0.003 under One-In, One-Out in SNR4 (DfE0021).

<sup>35</sup> This is an 'OUT' of -£0.2 under One-In, One-Out in SNR4 (DfE0020).

<sup>36</sup> This is an 'OUT' of -£0.03 million under One-In, One-Out in SNR4 (DfE0019).

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Children's Services	DfE	<b>Early Years Foundation Stage (Safeguarding and Welfare Requirements) Regulations 2012<sup>37</sup></b> To reduce process and prescriptive regulations by giving flexibility to professionals to spend more time with children. This implements the recommendations of the Tickell Review.	September 2012	0	3
Children's Services	DfE	<b>Early Years Foundation Stage (Learning and Development Requirements) (Amendment) Order 2012<sup>38</sup></b> This amendment reduces the burdens on providers by improving the quality of provision across the early years' sector whilst reforming the Early Years Order.	September 2012	0	3
Road Transport	DfT	<b>The Street Works (Charges for Occupation of the Highway) (England) Regulations 2012<sup>39</sup></b> These regulations allow a small number of local authorities to pilot "lane rental" schemes, with a view to reducing delay and disruption caused by road works.	March 2012 (Completed)	0	1

<sup>37</sup> This is an 'OUT' of -£0.30 million under One-In, One-Out in SNR4 (DfE0018).

<sup>38</sup> This is an 'OUT' of -£10.00 million under One-In, One-Out in SNR4 (DfE0017).

<sup>39</sup> This was a 'Zero Net Cost' under One-In, One-Out in SNR3 (DfT00090).

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Road Transport	DfT	<p><b>The Community Drivers' Hours and Recording Equipment Regulations 2012</b></p> <p>The weekly rest requirement in the EU drivers' hours rules was identified as having a significant impact on the retention and training of volunteer reservists and instructors in the Cadet Corps. These regulations implement an exemption from certain daily and weekly rest requirements in the EU drivers' hours rules for professional drivers who are undergoing military training with the volunteer reserve forces or providing instruction to members of a Cadet Corps. This exemption will enable reservists who drive for a living to take part in weekend military training without either breaking the EU drivers' hours rules or having a negative impact on their primary employers.</p> <p>The regulatory changes also revoke the Drivers' Hours (Goods Vehicles) (Milk Collection) (Temporary Exemption) Regulations 2007 (S.I. 2007/2370), a redundant piece of legislation, which fits with the administrative tidying of the statute book.</p>	July 2012	1	1
Road Transport	DfT	<p><b>Street Works (Charges for Unreasonably Prolonged Occupation of the Highway) (England) Regulations 2012</b></p> <p>These regulations have been amended to increase the penalties that can be applied where street works are not completed within their agreed period. This should decrease the number of overruns and better reflect the congestion costs that overrunning works impose on society.</p>	October 2012	0	1

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Road Transport	DfT	<b>The Road Vehicles (Testing) (Miscellaneous Amendments) Regulations 2012<sup>40</sup></b> To exempt all pre-1960 manufactured vehicles from the statutory MOT test.	November 2012	0	1
Road Transport	DfT	<b>The Local Authorities' Traffic Orders (Procedure) (England) Regulations 2012<sup>41</sup></b> To remove the duty to advertise Traffic Orders in local newspapers and allow the flexibility for Traffic Authorities to select the most appropriate method of communication.	December 2012	0	1
Road Transport	DfT	<b>The Secretary of State's Traffic Orders (Procedure) (England) Regulations 2012</b> These regulations give traffic authorities greater discretion to determine appropriate publication and consultation procedures when they propose and make temporary and permanent traffic orders.	December 2012	0	1
Road Transport	DfT	<b>The Road Traffic (Temporary Restrictions) Procedure (England) Regulations 2012</b> These regulations give traffic authorities greater discretion to determine appropriate publication and consultation procedures when they propose and make temporary and permanent traffic orders.	December 2012	0	1

<sup>40</sup> This measure is deregulatory but is classified as a Zero Net Cost measure under One-in, One-out in SNR4 (**DfT00118**).

<sup>41</sup> This is an OUT (**DfT00115**) under One-In, One-Out in SNR4 [EANCb figure to be finalized for SNR5].



Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Road Transport	DfT	<b>Motorways Traffic (England and Wales) Regulations 1982</b> These regulations clarify and widen authorisation procedures to give recovery and enforcement vehicles more leeway to use the hard shoulder when necessary.	October 2012	0	1
Road Transport	DfT	<b>UK Tyre Legislation<sup>42</sup></b> To simplify and consolidate for end users archaic and often amended UK legislation which regulates the sale and fitting of tyres. This also implements mandatory EU requirements relating to minimum tyre performance and labelling.	November 2012	0	1
Hospitality, Food and Drink	DH	<b>Repealing the Smoke-Free Signs Regulations 2007<sup>43</sup></b> To remove, through Smoke-Free Signs Regulations 2012, the legislation that dictates location and design of no smoking signs, whilst maintaining the requirement to display no smoking signs.	October 2012	1	1
Hospitality, Food & Drink	FSA	<b>Revocation of Arsenic in Food Regulations 1959</b> These regulations set the maximum amount of arsenic to be present in food, but are now redundant because consumer protection is provided by the requirements in newer food law (Food Safety Act 1990).	October 2012	1	0

<sup>42</sup> This is an 'OUT' under One-In, One-Out in SNR4 [EANCB and IA number to be finalized for SNR5].

<sup>43</sup> This measure is an 'OUT' of -£0.07 million under One-In, One-Out in SNR4 (**DH3085**).

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Hospitality, Food & Drink	FSA	<b>Revocation of Chloroform in Food Regulations 1980</b> These regulations prevented the sale or importation of any food which has any added chloroform, but are now redundant because consumer protection is now provided by the requirements in newer food law (Food Safety Act 1990).	October 2012	1	0
Hospitality, Food & Drink	FSA	<b>Revocation of Ungraded Eggs (Hygiene) Regulations 1990</b> These regulations prohibit the retail sale of cracked eggs by producers on their own farms, in local public markets or by door to door selling and provide for the enforcement of this. However, they are now redundant as protection is now provided by the general provisions of EC 178/2002 prohibiting the supply of unsafe food.	October 2012	1	0
Hospitality, Food & Drink	FSA	<b>Post-Chernobyl Sheep Controls Policy Review<sup>44</sup></b> This will remove all remaining controls restricting the movement of sheep contaminated by radioactivity from the Chernobyl nuclear accident within the Food and Environment Protection Act (FEPA) restricted areas in Cumbria and North Wales. Controls are no longer necessary because the risk to public health from any remaining radioactivity is now very low.	October 2012	1	0

<sup>44</sup> The IA relating to the cessation of post-Chernobyl restrictions showed a small cost to farmers resulting from the loss of payments for presenting sheep for testing, but the consultation showed that farmers believed that the non-monetised benefits of removing controls outweighed this loss. All controls have already been removed using existing powers. The only outstanding action is to remove the redundant legislation.

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force date	Existing measures scrapped	Measures improved <sup>31</sup>
Hospitality, Food & Drink	FSA	<p><b>The Materials and Articles in Contact with Food (England) Regulations 2012<sup>45</sup></b></p> <p>FSA is consolidating four regulations concerning the safety of materials and articles (plastics, ceramics, regenerated cellulose film and active and intelligent materials) intended to come into contact with food. The consolidation will make it more convenient for businesses and others that have to refer to the regulations and remove the need to cross-refer between the different regulations. The consolidated regulations will ensure continuity of the prohibition of bisphenol A in polycarbonate infant feeding bottles.</p>	July 2012	0	4
Health & Safety	HSE	<p><b>The Health and Safety (Miscellaneous Revocations) Regulations 2012</b></p> <p>An assessment by HSE identified that six Regulations and one Order are either redundant or have been overtaken by more up to date regulations. This was confirmed by the responses to consultation. They are: Anthrax Prevention Order 1971 etc (Revocation) Regulations 2005; Employment Medical Advisory Service (Factories Act Orders etc Amendment) Order 1973, Health and Safety (Foundries etc) (Metrication) Regulations 1981, Non-ferrous Metals (Melting and Founding) Regulations 1962, Pottery (Health and Welfare) Special Regulations 1950, Pottery (Health etc) (Metrication) Regulations 1982, and Regulations for use of locomotives and wagons on lines and sidings in or use d in connection with premises under the Factory and Workshop Act 1901 (1906) (1906 No.679).</p>	October 2012	7	0
			<b>NET TOTAL (84)</b>	<b>36</b>	<b>48</b>

<sup>45</sup> This measure was scheduled to come into force in May 2012.

## ANNEX D – TECHNICAL NOTES

### What is included in the Statement of New Regulation?

The Statement of New Regulation covers all new regulatory measures within the scope of One-in, One-out. Further details are available in the published One-in, One-out Methodology<sup>46</sup>, but in summary this includes most new domestic regulations that are projected to give rise to costs or benefits to business and civil society organisations. It does not include regulations that are:

- implementing EU Regulations, Decisions and Directives;
- implementing international agreements;
- fiscal measures including measures designed to address systemic financial risk;
- civil emergency regulations as classed under the Civil Contingencies Act 2004;
- issued under Royal Proclamation or have a short-life span of up to 12 months and include an automatic sunset clause; or
- fees and charges imposed by public bodies for cost recovery purposes only.

### What information are Departments publishing today?

Departments are publishing a summary of the measures within the scope of the Statement of New Regulation which they expect to come into force between July and December 2012. Included in this is a short description of the title and purpose of the measure, expected date of implementation and a link to latest impact assessment (where published). Measures are broken down, where applicable, into the three main categories: 'INs', 'OUTs', and 'Zero Net Cost' measures.

The information published by departments is correct as of 13 July 2012, and has been used as the basis for the cross-Government and departmental totals provided in this statement. It is possible that legislative plans may change after the publication of the statement, resulting in measures not being introduced as expected. While every effort is made to keep the information timely and accurate, no expressed or implied guarantees are made. An update on the final position for the period will be provided in the next statement.

### What is the difference between an IN, an OUT, and a Zero Net Cost measure?

An 'IN' is a measure that results in an increase in regulatory costs for business. In other words, the direct costs to business, assessed over the lifetime of the regulation, are expected to exceed the value of any benefits or savings to business.

An 'OUT' is a measure that removes or recasts an existing regulatory burden on business, resulting in a quantified reduction in costs to business.

The 'Zero Net Cost' category can cover a variety of different scenarios. These include regulatory and deregulatory measures where there is no quantified net cost or saving to business (for example where the impacts are very small). In addition, the 'Zero Net Cost' category covers measures that impose new obligations on business, but where the cost to business is expected to be fully offset by the anticipated savings.

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<sup>46</sup> <http://www.bis.gov.uk/assets/biscore/better-regulation/docs/o/11-671-one-in-one-out-methodology>

## **How are the costs of regulation calculated?**

The Statement of New Regulation includes details of the Equivalent Annual Net Cost to Business (EANCB) for each measure. The EANCB represents the annualised direct net cost to business, incorporating direct recurring costs and transition costs, direct recurring benefits, and direct transitional benefits, spread out over the lifetime of the policy.

All information is shown in constant 2009 prices (meaning that information is presented in 'money of the day' terms). In some cases where the information provided has been in different price terms (for example, in 2007 prices) some calculations have been undertaken to uplift the values into 2009 terms, so that all measures presented in the Statement of New Regulation are comparable on a like-for-like basis. This process does not change the significance of costs and benefits that were provided in the impact assessments, but simply expresses these in different price terms.

The independent Regulatory Policy Committee (RPC) rigorously scrutinise and challenge the assumptions underpinning the calculation of the costs and benefits for measures included in the statement, making sure they accurately reflect real impacts on business. Where no agreement on the correct figure can be reached between department and the RPC, it is the RPC's figure that is used.

Further detail can be found in the One-in, One-out Methodology.

## **What is the role of the Regulatory Policy Committee?**

The Regulatory Policy Committee (RPC) was established to provide external and independent challenge on the evidence and analysis, presented in Impact Assessments, supporting the development of new regulatory measures proposed by the Government. In delivering its remit and the full benefits of external challenge, it aims to be objective and consistent as well as being truly independent of departmental decision making.

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