



Simplification Plans 2005-2010 Final Report

A large, white, wavy line that starts from the bottom left, loops around, and ends in an arrow pointing towards the bottom right.

MAKING LIFE AS
SIMPLE
AS POSSIBLE



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Foreword by Sir Don Curry

Delivering better regulation across the whole of Government is key to helping create the best environment for businesses to start up, invest and grow.

I am pleased by the progress that has been made in this area and that, through the Administrative Burden Reduction Programme, more than £3.5 billion of net annual savings have been delivered for business and voluntary organisations.

However, I believe there is still more that can be done to improve business and public confidence in the way Government regulates. The continuing challenge is to curb the volume of new regulations and remove existing ones which are ineffective or burdensome.

In order to do this, the Coalition Government has set out ambitious plans to strengthen the management of regulation further. For example, the 'One-in, One-out' rule has the potential to change fundamentally the culture of Government towards regulation. I look forward to the changes that this, and other initiatives, will make to improve the overall business environment in the UK and the day-to-day experiences of the business community.



A handwritten signature in black ink that reads "Don Curry".

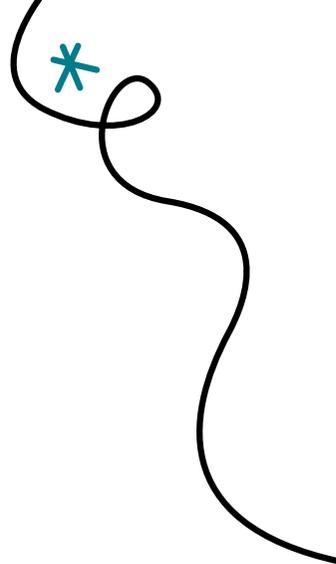
Sir Don Curry
Better Regulation Executive
Non-Executive Chair

SECTION 1

Summary

Executive summary

Background





Executive summary

The Administrative Burden Reduction Programme – saving businesses time and money by reducing red tape.

Business and innovation will be the key drivers of economic growth as the UK emerges from recession.

The regulatory environment has an important role to play in maintaining the UK's international competitiveness. Whilst maintaining the essential protections afforded by regulation is crucial, reducing unnecessary administrative burdens and red tape is an important method of removing barriers to prosperity.

This compendium report summarises progress made in this area through

the Administrative Burden Reduction Programme (ABRP), a key part of the previous Government's better regulation agenda. This five-year programme, launched in 2005, was designed to cut unnecessary bureaucracy and remove out-of-date regulations – making life simpler for businesses and the third sector.

The primary aim of the Programme was to reduce the administrative burdens imposed on business and third sector organisations, such as filling in forms, by a net 25% by May 2010.

This target has been met – delivering more than £3.50bn of net annual savings to business and the third sector and a total reduction of 26.62%. More than

half of departments who agreed a 25% net reduction have surpassed this target.

Over the course of the last five years, departments have delivered 304 simplification measures through, for example, changes to legislation, publication of guidance or the creation of web-based tools. Details of individual department's delivery against the targets set in 2005 can be found in Section 2.

Over 87%¹ of implemented gross annual savings has been independently verified by the External Validation Panel (EVP). The EVP consists of members of key business and employee representative organisations – the Institute of Directors, Trades Union

Congress, British Chambers of Commerce, Federation of Small Businesses, Confederation of British Industry and Engineering Employers Federation. The EVP seeks to ensure that there is evidence that the reductions claimed by departments are actually being felt on the ground by business.

1. Percentage validated excludes measures which have been delivered but not implemented, as these were deemed to be outside the scope of the EVP. Total programme validation is 84.55%.

What else has the programme delivered?

Whilst the focus of the ABRP has been on reducing administrative costs on business, this was part of a wider approach to simplifying regulation and improving the regulatory environment in the UK. Other highlights include:

- A reduction of 34.1% in the number of information requests from central government to public sector frontline staff, exceeding the 30% target set in 2007. Progress has also been made in reducing data burdens on front line staff;
- Savings of £1,484.2m achieved since 2005 through public sector efficiency programmes, aimed at improving efficiency and reducing bureaucracy;
- Around £1,341.4m of savings to business from reductions in policy costs (the cost of complying with new regulatory requirements, such as buying new equipment). Whilst the ABRP did not set targets for reducing policy costs departments have actively made changes to address these; and
- Ongoing work with the EU to embed the 'Think Small First' principle. This aims to make legislation more Small and Medium Enterprise (SME) friendly, by ensuring that SMEs' interests are taken into account at a very early stage in the policy-making progress. In 2007 the European Union adopted a similar goal of reducing the gross burden of EU regulations by 25% by 2012, which will have a positive impact on UK businesses.



Background

The Administrative Burden Reduction Programme, coordinated by the Better Regulation Executive (BRE), was launched in 2005 with the aim of reducing the costs of demonstrating compliance with regulations (for example, filling in forms or undergoing compulsory inspections) imposed on businesses and third sector organisations. The UK programme was inspired by similar exercises carried out in other countries, most notably, the Netherlands.

Between May 2005 and May 2006, the former Government commissioned a wide-ranging measurement exercise to calculate the total administrative burden cost

of regulation on business. The programme used the internationally-recognised Standard Cost Model to measure the costs of the administrative burdens each department imposes. Further details of the Standard Cost Model methodology can be found in Annex C.

In 2005, departments agreed to reduce the administrative costs they impose on business by a net 25% by May 2010². Since then, departments have published annual Simplification Plans outlining the actions they have taken; progress against their departmental targets and details of their plans to meet their overall target³.

This year departments will not produce individual Simplification Plans. Instead, this compendium report summarises both the last few months of delivery and final delivery for all departments throughout the lifetime of the programme.

Since 2005, 304 simplification measures have been delivered by departments to reduce the administrative burdens imposed on business. Measures have included changes to legislation, the creation of user-friendly web-sites (such as the planning portal⁴) or a reduction in what government asked from business, which has delivered net annual savings of more

than £3.50bn. Details of individual department's delivery against their targets and overall cross-Government delivery can be found in Section 2.

2. The Cabinet Office agreed a target of 35%.

3. These can be found at: www.bis.gov.uk/policies/better-regulation/policy/simplifying-existing-regulations/simplification-plans.

4. Government gateway to planning information throughout the UK. It provides information on plans, appeals, applications, contact details and research areas. www.planningportal.gov.uk.

External Validation Panel

In 2008, following a recommendation from the National Audit Office, the External Validation Panel (EVP) was established.

This independent panel was set up to scrutinise the claimed savings from simplification measures to ensure that changes were being effectively communicated and that the savings were actually being felt by businesses. The EVP sat for the first time in May 2008, again in October 2009 and for the final time in June 2010.

Overall, the EVP has validated nearly 88% of final gross implemented delivery, providing a significant level of assurance over the Administrative Burden Reduction Programme's final delivery. Further details of their work can be found in Section 2 and Annex B.

"Over the lifetime of the Panel, we have seen an increased engagement by departments in the EVP process which has proven to be an effective way to hold Departments to account on their promises of delivery. It has been particularly useful to have panel members representing a range of stakeholder interests, as it is ultimately businesses who can attest to whether or not there has been a real reduction in administrative burdens. Gratifyingly, we have been able to validate the implementation of significant reductions."

Eve Salomon, Independent Chair (EVP)

SECTION 2

Administrative Burden Reduction Programme

Chapter 1 Progress in year five of the Programme

Chapter 2 Overview of Administrative Burden Reduction Programme delivery 2005-2010

Chapter 3 Administrative burden reductions: delivery by individual departments and agencies

Chapter 4 External Validation Panel

Chapter 5 Third sector

Chapter 6 Small businesses

Chapter 1

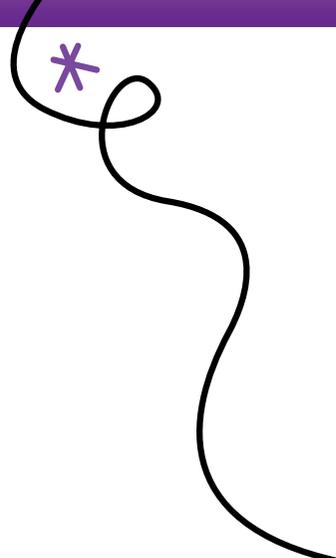
Progress in year five of the Programme

The following section details the progress made to reduce administrative burdens in the final months of the Administrative Burden Reduction Programme (December 2009 to May 2010).

In *Summary of Simplification Plans 2009*, published in December 2009, delivery between December 2009 and May 2010 was projected to be £363m. Between December 2009 and May 2010 departments have delivered 23 new simplification measures with a number of existing measures realising additional savings, representing net savings of over £621m per year.

The Administrative Burden Reduction Programme has exceeded its target of £3.29bn, achieving an overall reduction of 26.62% against the original 25% target.

In this report, a simplification measure is defined as 'delivered' when a department has made the necessary changes in law (the legislative framework). Of the £621m delivered in the last five months, £453.9m has been 'implemented'. Implemented means that savings from the legislative changes made are actually starting to be taken up by business.



BIS

Electronic communication with shareholders

"For our Annual Report, 2006, we printed 35,000 copies to send out to our shareholders"

**Explains Chris Fox,
Director of Group Communications at Smiths.**

All over the world, airports deploy sophisticated security equipment to ensure passenger safety. Much of that high tech equipment comes from Smiths, a global technology company – employing 20,000 people in 50 different countries – delivering a wide range of products and services to a variety of different fields. As a listed company, communication with the company's shareholders is an important part of the company's remit. One of the many benefits of the Companies Act 2006 is the opportunity for companies to make greater use of electronic communication with its shareholders.

*"For our Annual Report, 2006 we printed 35,000 copies to send out to our shareholders" explains Chris Fox, Director of Group Communications at Smiths. "But for the subsequent year, we only needed to print 8,000 copies. Our shareholders now have the choice of receiving printed material like our Annual Report or a letter or email, informing them that the information is on our company website. Which is why there was such a huge reduction in requests for printed Annual Reports" explains Chris. "So our cost saving for the 2007 report was in the order of **£100,000**, and because we didn't need to print 27,000 copies of that 104 page document, we saved on paper as well as mailing costs."*



Mortgage lenders switch to Land Registry's e-DS1 system

As a Non Ministerial Department and Trading Fund Executive Agency, responsible to the Lord Chancellor and Secretary of State for Justice, the Land Registry holds and maintains the Land Register for England and Wales. The Land Register has been an open document since 1990. As the largest transactional database of its kind detailing over 22 million titles, HM Land Registry underpins the economy by safeguarding the ownership of billions of pounds worth of property.

On 3 January 2010, Land Registry withdrew one of the methods used by lenders to discharge registered charges (mortgages). The Electronic Notification of Discharge (END) method has now been superseded by a more efficient electronic e-DS1 method developed with stakeholders and available via the new Land Registry portal.

The first e-DS1 was lodged in October 2008. By 13 February 2009, 19,103 e-DS1s had been lodged.

Most e-DS1 forms are processed automatically by Land Registry systems and provide an instantaneous completion of the discharge application. This method of discharge is superior to ENDs, as it reduces the interventions of Land Registry staff, saves time and costs for customers, and allows discharge and registration to take place in real time and simultaneously. Previously, ENDs needed to be completed by separate paper application.

Bristol & West Investments accounts manager stated: *"e-DS1s are much faster and charges removed immediately. Paper DS1s needed to be accompanied by other documentation, wait for signatories and processing. There are also cost savings in terms of not paying solicitor's fees for preparing the DS1 (£50 per title)".*

The group secretary at the Hanley Building Society commented: *"the process now takes little over a minute"* and *"We have found the introduction of the e-DS1 very beneficial in terms of ease of use and as a time saver"*.



FIGURE 1: Top five simplification measures (by value, £m) implemented between December 2009 and May 2010 and validated by the External Validation Panel in 2010

Simplification measure	Description of simplification	Annual gross savings delivered and validated at May 2010
HSE Gas Safety (Installation and Use) Regulations	In 2008 HSE reviewed Gas Safety regulations. When it found these could not be reduced without removing necessary protection, work was carried out to help landlords understand their duties so they more could effectively, and easily, comply with them. The website can be found at www.hse.gov.uk/gas/landlords/	£60m
CLG Streamlining information requirements for planning applications	Reduction in the need for 'Design and Access Statements' from householders and businesses making applications for minor development or outside of the most visually sensitive locations.	£58m
Food SA Feed hygiene record keeping guidance	Food SA has issued guidance to help businesses comply with the record keeping requirements of the EC Feed Regulation (183/2005). The guidance informs and reassures farmers that the information needed is largely available on existing documentation.	£44m
DfE (former DCSF) Early years and day care settings: Informing the local authority when a child leaves nursery	In order to avoid a duplication of funding, pre-schools and nurseries were required to inform their local authority if a child in receipt of a free place moved from their setting. This information can now be sent electronically and DfE has made on-line templates available.	£30.3m
CLG Improved permitted development	Following the White Young Green report, permitted development rights have been extended to further types of non-domestic development. This removes the need for planning permission in respect of minor developments with little or no impact on the non-householder sectors. There are also large fee savings associated with this measure.	£26.8m

Chapter 2

Overview of Administrative Burden Reduction Programme delivery 2005-2010

In May 2005, departments agreed to reduce the administrative burdens they impose on business and the third sector by 25% (Cabinet Office chose a reduction target of 35%). This section provides details of delivery through the lifetime of the Programme.

The overall target for the Administrative Burden Reduction Programme has

been met – since 2005, a 26.62% reduction in administrative burdens has been delivered, representing more than £3.50bn of net annual savings for business, against the original 25% target.

Over half of the departments involved in the programme have exceeded their original 25% target and, in total, 304 simplification measures

have been delivered. Details of individual department's delivery can be found in the next chapter.

The following table and graph illustrate the total administrative burden reduction delivered by the programme.

FIGURE 2: Final delivery in reducing administrative burdens

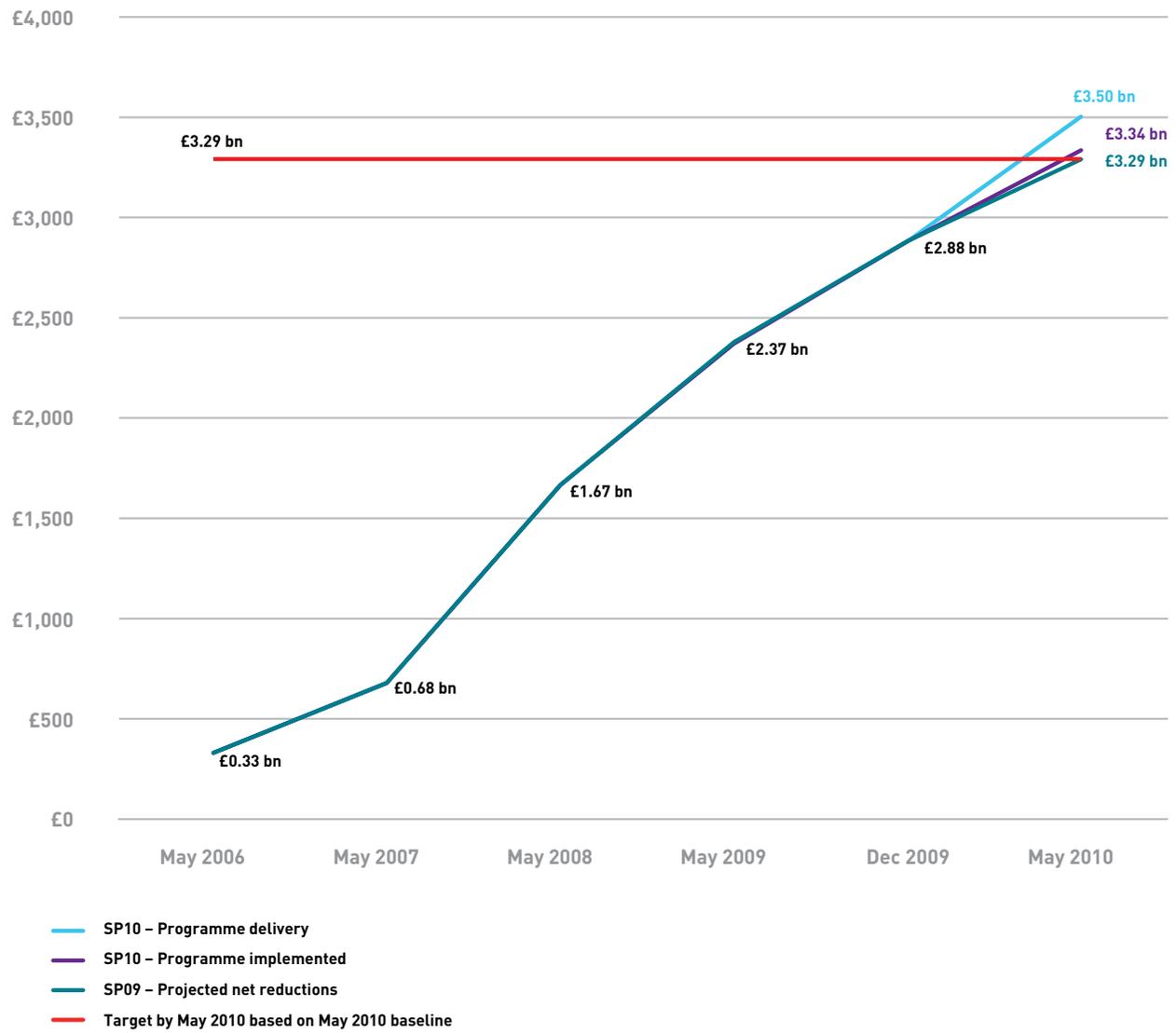
£m annual administrative burden reductions	Programme delivery (£m)					
	May 2006	May 2007	May 2008	May 2009	Dec 2009	May 2010
Baseline as at May 2010 (£m)⁵						
£13,160.4						
Net reductions ⁶	£330.3	£678.9	£1,666.6	£2,371.8	£2,882.2	£3,503.2
% reduction	2.51%	5.16%	12.66%	18.02%	21.9%	26.62%

5. The baseline has been adjusted since December 2009, full details can be found in Annex D.

6. The figures from May 2006 to December 2009 have been revised to reflect 2010 baseline adjustments. Increased delivery for Defra-Single Payment Scheme is only included in May 2010 delivery figure.



FIGURE 3: Administrative Burden Reduction Programme: Net delivery May 2005-May 2010. Delivered and implemented figures at May 2010.



Due to the broad scope of their remit, three departments were responsible for nearly 70% of the total administrative burdens on business (£13.16bn), as measured in 2005. These departments are:

- Department for Business, Innovation and Skills (BIS);
- Department for Communities and Local Government (CLG), and
- Health and Safety Executive (HSE).

The main policy areas of these departments – employment law, planning law and health & safety law respectively – impose the largest burdens, as they affect all businesses.

BIS Employment guidance

Janet* is a director of TFC Limited, a company which specialises in selling industrial fasteners. She has some HR responsibilities although the company also employs an HR administrator. The company no longer uses external consultants for advice on employment law, as they are expensive and Janet gains most of her information about employment legislation from the internet and guidance sites such as Business Link. Janet has found that this approach *“makes more sense and saves money”*.

Janet thought the Business Link flexible working time guidance was helpful and easy to navigate. She especially liked that there were specific forms to download and that the relevant form needed at each stage in the process was given in the correct order. In particular, she was positive about this as developing forms *“can be time consuming.”* Janet also liked the link to the Acas helpline and the *“Tell a friend about this page”*. Indeed she said she would use this to let her HR administrator know about this specific guidance and to encourage her to visit it and to find out more.

*The person interviewed for this case study did not wish to be identified. Her name has been altered accordingly.



FIGURE 4: Final programme delivery, by department

Department	Baseline (£M)	Target by May 2010 (£M)	Target by May 2010 (%)	Validation		Net programme delivery	
				Programme validation (£m)	Programme validation ⁷ (%)	May 2010 (£M)	May 2010 (%)
BIS	£4,541.0	£1,135.3	25%	£1,362.4	94.02%	£1,182.7	26.05%
CLG	£2,486.5	£621.6	25%	£778.1	94.25%	£592.6	23.83%
HSE	£2,022.5	£505.6	25%	£572.0	98.47%	£559.3	27.65%
DH	£1,201.9	£300.5	25%	£150.9	47.36%	£309.5	25.75%
DfT	£585.0	£146.3	25%	£102.8	70.82%	£142.1	24.30%
DWP	£471.0	£117.8	25%	£142.5	76.20%	£136.0	28.87%
Defra	£458.2	£114.6	25%	£58.5	27.50%	£171.5	37.42%
MoJ	£356.0	£89.0	25%	£25.0	34.01%	£73.4	20.62%
DCMS	£343.2	£85.8	25%	£255.1	97.93%	£158.1	46.05%
DfE	£209.7	£52.4	25%	£56.4	99.95%	£54.9	26.19%
HM Treasury	£158.9	£39.7	25%	£92.0	79.04%	£105.4	66.33%
Food SA⁸	£90.5	£22.6	25%	£113.2	74.96%	-£15.4	-17.06%
Home Office	£83.0	£20.8	25%	£59.6	87.25%	£32.2	38.80%
ONS	£48.7	£9.3 ⁹	19%	£3.3	32.04%	£9.0	18.48%
Charity Commission	£36.6	£9.2	25%	£3.6	41.31%	£6.2	16.98%
Cabinet Office	£15.4	£5.4	35%	£0.0	0.00%	£0.0	0.00%
GEO	£5.7	£1.4	25%	£0.0	0.00%	-£0.3	-4.39%
Forestry Commission	£1.46	£0.4	25%	£0.34	87.18%	£0.4	26.55%
DECC	£45.1	N/A	N/A	£0.4	33.87%	-£14.4	N/A
Total	£13,160.4	£3,291.6¹⁰	25%	£3,776.2	84.55%	£3,503.2	26.62%

7. Percentage validation is calculated from gross delivery, this figure is not quoted here.

8. EU food and feed hygiene regulations, introduced on 1 January 2006, increased the Food Standards Agency's burden from £90.5m to £204m.

9. Original 25% reduction target was planned for 2015, 19% reduction was interim for May 2010.

10. Target delivery represents 25% reduction across Government.



FIGURE 5: Top ten simplification measures (by value, £m) throughout the lifetime of the programme (Continues on the next page)

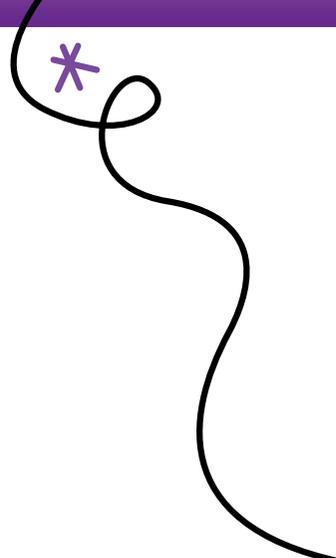
Simplification measure	Description of simplification	Annual gross savings at May 2010
BIS Employment Guidance	The Employment Law Guidance Programme reduces the administrative burdens imposed by employment law. The Guidance programme has produced free-to-use and legally-compliant online tools, pro-forma letters and agreement forms, accessible through www.businesslink.gov.uk . (£418m validated by the External Validation Panel in 2008).	£418m
BIS Business to consumer advertising and marketing rules: transposition of the unfair commercial practices directive	Provides a simpler legal framework, to protect consumers from unfair practices, with a more level playing field for business. (£309m validated by the External Validation Panel in 2010).	£309m
HSE Example risk assessments	Easy to use examples of risk assessment for 34 lower risk businesses including convenience stores, dry cleaners and hairdressing salons. These can be found at www.hse.gov.uk/risk/casestudies . (£235m validated by the External Validation Panel in 2010).	£235m
CLG Repeal of part XI of Housing Act 1985	Reducing the number of licences required by landlords for low risk multiple occupancy households (partially offset by burden of £87m from new licensing regime). (£207m validated by External Validation Panel in 2008).	£207m
BIS Electronic communication with shareholders	1.2m companies can now send information including annual reports to shareholders by email, rather than hard copy. (£182m validated by the External Validation Panel in 2010).	£182m



Simplification measure	Description of simplification	Annual gross savings at May 2010
DCMS Licensing Act 2003	This Act reformed the alcohol and entertainment licensing laws in Britain into a single piece of legislation. (£181.1m validated by the External Validation Panel in 2008.)	£181.1m
CLG Competent persons schemes	1.2 million pieces of electrical work a year are now certified by 'competent persons', rather than having to go through Building Control Inspectors. Business saves around £110 per check. (£132m validated by External Validation Panel in 2008 ¹¹ .)	£136m
BIS Weights and measures	Replacement of the complex Weights and Measures (Packaged Goods) Regulations 1986 by 2006 Regulations to provide a more consistent, certain, accessible and comprehensive law. (£129m validated by External Validation Panel in 2008.)	£129m
BIS Dispute resolution: Part 1	Businesses no longer need to comply with statutory instruments as the Employment Act 2008 now allows companies to follow the Acas Code of Practice, which sets out principles to follow when addressing disputes. (£115m validated by External Validation Panel in 2009.)	£115m
HMT Better regulation measures for the Asset Management Sector (Paperless Settlement)	Lifts the previous requirement for paper settlement and transfer of title for fund managers, stockbrokers, financial advisers and other intermediaries by allowing electronic settlement. (£92m validated by External Validation Panel in May 2010 ¹² .)	£115m

11. An additional £4m was claimed after EVP 2008, but not large enough to be considered by subsequent EVPs.

12. EVP only validated £92m savings as implemented, £115m has been delivered.



HSE

Example risk assessments

For any business, the safety of its employees and customers is a major concern. But complying with workplace health and safety regulations and completing detailed risk assessments was, in the past, a daunting administrative burden for many organisations.

"We complete all our assessments in-house but because we have so many betting shops and the assessments themselves are so diverse – there are 26 generic risks to a typical small betting office – the paperwork volume was very high" admits Bill Bennett, Health & Safety Manager for Ladbrokes, the UK's biggest bookmakers. Ladbrokes currently have over 2,400 outlets across the UK, Ireland, Italy and Belgium.

But for this company, and thousands of other businesses, the time consuming complexities of health and safety risk assessments have now been simplified with the recent introduction of a one stop online service from the Health and Safety Executive.

Now, employers of all types can find all the guidance and information they need to complete their risk assessments in one place, on the website. Simple, easy to understand, industry-specific risk management plans are available to download as well as examples of common control measures. Bill has worked in health and safety regulation for 16 years. He says this new online service for employers is a major step forward.

"Now it's all there for you, whatever type of risk your business faces. It's very simple. It's the best thing that has happened in the safety area for our industry – there's no reason why any betting shop, large or small, can't follow this online procedure. The new online service simplifies the whole thing so much, it's actually improved the industry standard. It's that simple."

Chapter 3

Administrative burden reductions: delivery by individual departments and agencies

Department for Business, Innovation and Skills

Our simplification programme

- BIS is responsible for legislation which imposes the largest administrative burden across Whitehall, primarily because of the large population that is affected by the policies that we are responsible for, including: employment law, company law, consumer law, insolvency law, weight and measures legislation and intellectual property rights areas.
- We engaged with businesses and set an ambitious and a wide ranging regulatory reform agenda to review our legislation in the above areas, embedding the "Think Small First" principle and ensuring that regulations do not impose disproportionate burdens on small businesses.
- In addition to BIS achieving 26.05% net administrative burden reductions in the private and third sectors, progress has also been made in reducing wider regulatory costs (policy burdens/public sector) and also in contributing to the simplification programme in the EU.

Our key simplification measures

Employment law

- **The employment law guidance project** – total savings: £418m per year. *Improved guidance and the use of on-line tools on the Business Link website.*
- **Dispute resolution review** – total savings: £130m per year. *New dispute resolution procedures and launch of the new Acas helpline and pre-claim conciliation services.*

The Companies Act 2006 – total savings: £388m per year. *Simplifying the company law framework.*

Consumer law – UK implementation of the EU Unfair Commercial Practices Directive – total savings: £178m per year. *Giving business greater flexibility on how they choose to market goods and services, whilst still maintaining high standards for consumers.*

Weights and Measures (Packaged Goods) Regulations 2006 – total savings: £129m per year. *Removal of prescriptive requirements from previous legislation and replacing with new shorter and simpler rules.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £4,541m*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£129.69m	£199.84m	£687.16m	£903.87m	£1,182.72m
% reduction	2.86%	4.40%	15.13%	19.90%	26.05%

* Due to Machinery of Government and other technical changes, BIS' baseline is £4,541m – details are in the published annual simplification plans.

Case study

Written statements toolkit

"If [the information] can be provided free of charge then that's great"

Sarah Hally

Sarah Hally has been working at a small architectural practice for several years. She describes the toolkit for preparing a written statement of employment as "very helpful". Overall she found the Business Link website easy to use, describing it as "logical" and expressing subjects in a straightforward manner: "nice plain English...avoids jargon".

She will continue to check the site regularly as she thinks it will highlight other issues that she is currently unaware of, and so increase her knowledge of employment law. For a small firm like Sarah's, it's particularly important to be able to fulfil all their HR needs in-house. Although she comments that a lot of companies now outsource their HR, she views this as an unnecessary cost, commenting: "if [the information] can be provided free of charge then that's great". She feels that if she has access to the guidance there's no reason why she can't provide the firm's HR support herself.

Simon Fraser, Permanent Secretary

"BIS, as the department for business, is committed to reducing unnecessary regulation wherever possible. We have made great progress in this area over the last five years and have delivered over £1bn of reductions making a real difference for businesses on the ground. We will continue to improve the regulatory agenda and ensure that we create the right conditions for a sustainable economic growth."



Department for Communities and Local Government

Our simplification programme

CLG sets UK policy for local government, housing, planning, building and fire and rescue regulations. Our administrative burden reduction programme has resulted in savings in all these areas. Below are some examples:

- **Household development consents review:** removed the need to apply for planning permission for certain minor householder developments such as house extensions and loft conversions.
- **Small business rate relief (SBRR):** From October 2006 only one application will be needed to cover the financial years 2007/08-2009/10. From 2010/11, business will then only have to apply for SBRR once during the life of a valuation list.
- **Fire safety Regulatory Reform Order:** Removes the requirement for businesses to apply for fire certificates, instead requiring them to carry out a fire safety assessment and focusing inspections on those premises presenting the highest risk.
- **E-enablement of building control:** A range of initiatives to e-enable building control service delivery standards inc. in the longer term, integration with the planning portal 'One Application Project'.

Our key simplification measures

Delivering electronic capability in the planning system – total savings: £136.03m per year. *Allowing the submission of electronic planning application.*

Competent persons scheme – total savings: £136m per year. *Allowing self certification of work by competent persons.*

Repeal of Section XI of the Housing Act – total savings: £120m per year. *Replacing the licensing scheme for HMOs.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £2,486.50m*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£143.20m	£210.66m	£311.71m	£376.06m	£592.61m
% reduction	5.76%	8.47%	12.54%	15.12%	23.82%

*£6m reduction in the Department's original baseline due to the Government Equalities Office moving to another department.

Case study

Development control

We have continued with our programme of reviewing how small scale developments are dealt with through the planning system, with a view to introducing permitted development rights where appropriate. In October 2008 we introduced measures to reduce the need for planning permission for small scale householder developments (Householder Development Consents Review). Not only has this taken over 80,000 applications out of the planning system, but it has had additional benefits to business by allowing development to take place which might not previously have been possible.

"The October 2008 changes to permitted development legislation have had a recognisable impact on our business. The changes have enabled a significant number of our clients to extend at roof level, where previously they were 'restricted' due to existing extensions on the said property. The introduction of the legislation has also enabled our company to provide clients with a larger more viable loft conversion, which would probably not have received permission at all prior to the changes. It also allows us to be accurate and specific about the size of loft conversion that can be achieved as opposed to advising the client that the design is 'subject to planning approval'."

Paul James, Sunlight Lofts Ltd

David Rossington, Acting Director General, Corporate Services

"Communities and Local Government has made significant advances in managing and reducing the administrative cost of its regulation, making life simpler for business."



Health and Safety Executive

Our simplification programme

HSE is committed to reducing unnecessary administrative burdens from health and safety legislation and since 2005 has delivered an overall estimated administrative burden reduction of £559.2 million.

Our example risk assessments have helped increase compliance and show what a 'good enough' risk assessment looks like, reducing costs to businesses.

Landlords are now able to get appropriate gas safety guidance in a 'one stop shop' on the HSE website.

New combined guidance has clarified employer requirements on worker involvement and, in conjunction with the improved HSE website, ensures employers and workers can now access free information and advice.

Our key simplification measures

Example risk assessments – total savings: £235m per year. *Encouraging proportionate risk management – and addressing costs to business.*

Gas Safety (Instillation and Use) Regulations – total savings: £60m per year. *Reviewing landlords' requirement to carry out a gas safety check.*

Good practice guidance on worker involvement – total savings: £36.6m per year. *Clarifying worker involvement information provided to safety representatives.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £2,022.5m*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£-17.6m	£14.3m	£229.8m	£382.6m	£559.2m
% reduction	-0.87%	0.7%	11.3%	18.9%	27.7%

* 2005 baseline of £2,032m was revised in 2008 mainly because of technical adjustments.

Case study

Gas safety (the landlords' responsibility for gas safety website)

"We were glad to be asked by the HSE to work with them to develop their landlords gas safety tool. It is incredibly important that landlords can understand their gas safety responsibilities and have confidence that they are making the right decisions. By involving us throughout the development of this tool, we were able to ensure that the HSE understood what kind of tool would work best with landlords."

Vincenzo Rampulla, Public Affairs Officer, National Landlords Association

HSE launched a one-stop shop web portal which contains all the information landlords need to meet their legal duties for domestic gas safety. Initial feedback has been positive with the web tool receiving both local and national press coverage.

Geoffrey Podger CB, HSE Chief Executive

"I am pleased to be able to report a net administrative burden saving of £559.2 million (an estimated 27.7% reduction). HSE continues to work to make it easier and simpler for people to take sensible and proportionate measures to protect people and enable their businesses to succeed."



Department of Health

Our simplification programme

DH is committed to reducing unnecessary administrative burdens on business:

- **BROMI** - the award winning Better Regulation of Medicines Initiative (BROMI), involves the regulator and industry together identifying low risk processes and simplified ways of complying with regulation without the time needed to amend regulations. The initiative has benefited all elements in the medicines supply chain: manufacturers through greater predictability and streamlined processes; patients and public from faster access to new medicines; and the regulator who can focus scarce resources on higher risk areas.
- **Care quality commission adult social care registration** – simplification of the regulatory system for adult social care, including improving flexibility to cope with shifting patterns of care and/or innovations in service delivery, minimising duplication and inconsistencies between regulations and removal of the national minimum standards.
- We plan to build on and extend BROMI to other areas; continue to work with the CQC to identify further reductions in red tape, and similarly work with voluntary, charitable and social enterprise sector to reduce unnecessary bureaucracy.

Our key simplification measures

BROMI – total savings: £143m per year. *Includes electronic submission of applications, simplification of adverse reporting and savings identified with the introduction of the variations regulations.*

CQC adult social care registration – total savings: £113m per year. *Removing much of the old regulation and replacing this with simplified more proportionate regulation.*

Electronic prescription service – total savings: £38m per year. *Introduction of an electronic prescription service to improve efficiencies for pharmacists GPs and the public.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £1.2bn	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£110.67	£121.19	£129.72	£157.12	£309.52
% reduction	9%	10%	11%	13%	25.8%

Case study

BROMI

"A new registry of approved DDPS (Detailed Description of Pharmacovigilance System) introduced June 2009 with the facility to introduce simple changes. In addition, having this registry means resubmission of the DDPS is not required for subsequent Marketing Authorisation applications and PAGB welcomes this much simpler procedure. Previously whenever there was a change to the DDPS, companies would have to update all the individual licences, which could be over 100. This meant many variations and associated fees, a huge waste in administrative time for non value added activity. The new system means there is one central place for the DDPS, which is only updated once!"

The Proprietary Association of Great Britain (PAGB)

John Holden, Director, System Regulation

"DH will continue to build on admin burden reduction successes and, at every opportunity, work in partnership with the private, voluntary, charitable and social enterprise sectors to achieve these."



Department for Transport

Our simplification programme

- We have reduced costs to business by over £600m a year – a net reduction in administrative burdens of over £142m and a reduction in policy costs of over £460m.
- The most significant measure we have delivered in the last year has been enabling insurance companies to issue certificates electronically saving business up to £12m per year.
- Many of the measures we have introduced will deliver greater savings beyond May 2010, eg digital tachograph savings are expected to reach over £40m by 2013.
- We have actively supported market opening measures at international level, thereby enabling UK companies to compete for EU and international business opportunities.
- We have worked hard on negotiating at the EU level to avoid unnecessary costs to business and ensure that small business interests are taken into account.

Our key simplification measures

Rail franchises – total savings: £32.7m per year.
Reducing the number of franchises has relieved the burden on train operating companies.

Digital tachographs – total savings: £24.75m per year.
Removes burden on drivers of data entry on paper tachograph discs and data collection, analysis and storage.

Drivers' Hours 2 – total savings: £15.4m per year.
Guidance on notice to mobile workers corrected burdensome misapprehension.

Progress made in reducing administrative burdens (2005-2010)

Baseline £585m*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£28m	£40.8m	£73.93m	£114.75m	£142.14m
% reduction	4.8%	7.0%	12.6%	19.6%	24.3%

* Transfer of rail safety regulation from the Health and Safety Executive to the Office of Rail Regulation (added £3.1m); Rail franchising and ATOL bonding scheme, which were not quantified in the original measurement exercise (added £87.7m and £25m respectively); Removing £11.3m following research which showed the time taken for HGV operators to display discs had been over estimated; Removing £6.5m because MORI research showed that the "business as usual" adjustment made for HGV and PSV operators required to retain information of drivers hours had been underestimated.

Case study

The introduction of electronic insurance certificates

"This is good for the industry because it will reduce the huge amount of paperwork, administration and postage costs involved. It is good for customers because their documents will be available promptly and it overcomes the necessity to apply for a duplicate if the original is lost."

Simon Douglas, Head of AA Insurance

Electronic delivery will ensure that motorists have access via the internet to their certificate and reduce the environmental burden of 40 million hard copy certificates being printed and posted each year.

Richard Hatfield, Director General, International Networks and Environment Group

"The already substantial benefits to industry and individuals from these reductions in administrative burdens will continue and grow. The Department will sustain its drive to minimise administrative burdens and expects to make further reductions in coming years."



Department for Work and Pensions

Our simplification programme

- Better regulation and simplification principles are an integral part of the way DWP develops its policy and services.
- Between 2005 and 2010, DWP reduced administrative burdens on business and the third sector by £136m per year, from £471m to £335m.
- This represents a reduction of 29% – one of the highest across Whitehall.
- During the programme the Department engaged with businesses and set up reviews of private pensions, statutory sick pay and employers' liability insurance regulations. Some of its key simplification measures are outlined below.
- In addition to achieving the 29% net administrative burden reductions in the private and third sectors, the Department has also exceeded its target of reducing, by 30%, the number of data requests it makes to the public sector.

Our key simplification measures

Private pensions minimum funding requirement – total savings: £64m per year. *The changes removed the requirement to obtain a minimum funding requirement valuation in addition to an actuarial valuation.*

The Employers' Liability (Compulsory Insurance) Regulations 1998 Regulations 4 & 5 – total savings: £58m per year. *Allows businesses flexibility in how they display their employers' liability insurance certificate at all business premises and abolishes the requirement to keep certificates for 40 years.*

Personal pension schemes (Payments by Employers) Regulations 2000 – total savings: £24m per year. *Amended legislation to require pension scheme trustees to make fewer reports to the Pensions Regulator.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £471m	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£63m	£63m	£74m	£136m	£136m
% reduction	13.4%	13.4%	15.7%	28.9%	28.9%

Case study

Abolishing the requirement to display Employers' Liability certificates at all business premises

"The requirement to display an Employers' Liability certificate at each of our premises was an enormous burden on BT, and probably many other large corporates, because of the number of premises. Most employees would probably look for it on the intranet where it is freely available."

Adrian Rendell, Risk Consultant BT

The change allowed businesses with suitable IT systems to display certificates electronically so long as staff had reasonable access to it in that format.

Richard Heaton, Director General for the Strategy, Information and Pensions Group

"The Department for Work and Pensions will have contact with almost everybody in the UK at some point in their lives. This is why we place such a high importance on reducing burdens and simplifying systems for all our customers."

Although the Department exceeded its target for reducing its administrative burdens, work continues to find further areas for reform. Through simplifying regulation in the areas of private pensions, statutory sick pay and employers liability insurance; simplifying our forms and benefit processes; and simplifying the way we engage with local authorities and other government departments; we are able to deliver high quality services and value for money."



Department for Environment, Food and Rural Affairs

Our simplification programme

- Defra has exceeded its departmental target of 25%.
- Defra measures currently contributing the highest net annual savings are:
 - Single Payment Scheme (£83m/pa);
 - NetRegs (£32m/pa);
 - Environmental Protection Programmes (£12.9m/pa);
 - Cattle ID (£7.4m/pa), and
 - Older Cattle Disposal Scheme (£3.5m/pa).
- 75% of Defra regulation is of EU origin. Therefore Defra's savings also contribute to the EU's own reductions target (25% by 2012).
- Defra has achieved simplification of EU legislation including the
 - Nitrates Directive;
 - Integrated Pollution Prevention Control Directive;
 - Electronic Identification of Sheep, and
 - Sustainable use of pesticides.

Our key simplification measures

Single Payment Scheme – net annual savings of £83m/pa. *Of this £26.5m/pa savings validated by External Validation Panel in June 2010. Independent Rural Payment Agency Farmer Panel Survey validated further £56.5m/pa July 2010. Programme offers improved customer service to farmers, via pre-populated forms, electronic submissions, updated guidance, etc.*

NetRegs – net annual savings of: £32.0m/pa. *A web-based self-assessment tool designed to help small and medium-sized enterprises comply with environmental regulations.*

Cattle ID – net annual savings of: £7.4m/pa. *Abolition of temporary calf passports and consolidation of regulations covering Cattle ID.*

Progress made in reducing administrative burdens (2005-2010)¹³

Baseline £458.2m*	Delivery ¹				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£0.09m	£80.57m	£90.09m	£125.58m	£171.46m
% reduction	0.02%	17.6%	19.6%	27.4%	37.4%

*Baseline was originally £528m; adjusted in 2008.

1. Recent results (July 2010) of Rural Payment Agency independent Farmer Panel Validation exercise evidence revised savings estimates for the Single Payment Scheme package of measures. The data is based on a revised claimant population (reduced) from the original baseline population.

Case study

NetRegs

"NetRegs email updates have been invaluable in helping us to work toward ISO14001. We have saved €8,000 in one year through environmental improvements. We applaud NetRegs for explaining the legislation so clearly".

Emma Favas, Director, Schooling Building Contractor Ltd.

"We cannot be environmentally responsible without understanding the wider issues governing sustainable business. NetRegs.gov.uk is a great tool for helping businesses reach this goal and I would certainly recommend it."

John Patch, Director, Roger Bullivant.

NetRegs, an Environment Agency led partnership, provides a web-based compliance self-assessment tool aimed at small and medium-size enterprises. Estimated to save business £32.0m per year in administrative costs (Eftec report, December 2009).

Mike Anderson, Board Level Champion – Better Regulation, Defra

'We've worked hard over the last 5 years, not just to meet our target, but in providing real savings to businesses – reducing the time and money they spend on demonstrating they are complying with regulation. This is especially relevant in the current economic climate for small businesses who are the majority of our customers. We've also made considerable progress and provided savings in Europe, which is the source of most of our regulation, for example, working with the National Farmers Union we secured a derogation to the EU Nitrates Directive. We'll continue to improve the way we regulate and have just announced a review of all regulation placed on the farming industry in an effort to find ways further to reduce the burden.'

13. Defra estimate – final programme delivery figures have not been scrutinised by the BRE.



Ministry of Justice

Our simplification programme

The majority of MoJ's savings have arisen from reducing administrative burdens under Legal Aid Reforms.

- **Legal aid reforms:** £56.2million savings delivered from the introduction of the Civil Unified Contract in April 2007 and introduction of the Crime Unified Contract in July 2008.
- **Introduction of e-conveyancing and review of the land registration rules:** £11million savings from replacement of the existing system with paperless transactions, the re-design of forms as a result of the Land Registration Rules 2008 and the move from manual form to electronic process to register a mortgage discharge.
- **Legal services reform:** £1.63million savings delivered from a) amendments to the Solicitors Act 1974 introduced by various provisions of the Legal Services Act 2007 and b) the reduction in the powers of the Legal Services Complaints Commissioner.
- **Family Law divorce arrangements:** £4.7million savings delivered as a result of changes to the provision of information by pension providers in relation to pensions on divorce procedure.

Our key simplification measures

Legal aid reforms – total savings: £15.6m per year. *Implementation of the Civil Unified Contract Removal of three data requirements from the Not for Profit Contract.*

Legal aid reforms – total savings: £12.05m per year. *Removal of 15 contractual burdens from the old General Civil Contract.*

Legal aid reforms – total savings: £6.6m per year. *Ensuring that if a matter ends, the reason for it ending must be noted in the file.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £355.8million*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£0m	£15.6m	£39.4m	£51.94m	£73.40m
% reduction	0%	4.4%	11.1%	14.59%	20.6%

* Original baseline £369.4million adjusted in 2009 – £8.3million Legal Services Reforms and £5.3million Data Protection Act.

Case studies

Land registry's e-DS1 system

Mortgage lenders switch to the more efficient, 100% electronic e-DS1 method of discharging registered charges (mortgages), resulting in a reduction of £2.5million in administrative burdens.

Bristol & West Investments Accounts Manager stated, "e-DSIs are much faster and charges removed immediately. Paper DSIs needed to be accompanied by other documentation, wait for signatories and processing. There are also cost savings in terms of not paying solicitor's fees for preparing the DSI (£50 per title)".

Group Secretary at the **Hanley Building Society** said: "We have found the introduction of the e-DSI very beneficial in terms of ease of use and as a time saver."

Sharon White, Director General, Law, Rights and International Group

"The Ministry of Justice has risen to the challenge of the Administrative Burden Reduction Programme, producing some valuable savings."



Department for Culture, Media and Sport

Our simplification programme

- Between May 2005 and 2010, DCMS reduced administrative burdens on businesses and third sector by £158m, from £343.2m to £185m.
- This represents a reduction of 46% – one of the highest across Whitehall.
- The Licensing Act 2003 was implemented in November 2005. Outcomes include clarity, simplification and greater administrative savings for businesses.
- The Gambling Act 2005 was implemented in September 2007. Outcomes include clarity, simplification and greater administrative savings for businesses.

Our key simplification measures

Licensing Act 2003 – total savings: £181m per year. *The Act reformed the alcohol and entertainment licensing laws in Britain within a single piece of legislation.*

Gambling Act 2005 – total savings: £74m per year. *The Act reformed gambling laws drawing together regulation under a single Act.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £343.20m	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£99.20m	£99.20m	£155.80m	£155.80m	£158.05m
% reduction	28.90%	28.90%	45.40%	45.40%	46.05%

Case study

Temporary events notice – enabling online applications

"The NCPTA welcomes the development of online licence applications. Our 13,000 PTA members hold close to 100,000 events each year of which will require a Temporary Events Notice. To be able to apply online and know that licensing authorities will be responsible for notifying the police and any other relevant authorities will greatly benefit PTA volunteers."

David Butler, Chief Executive of the National Confederation of Parent Teacher Associations (NCPTA)

Jonathan Stephens, Permanent Secretary

"The Department for Culture Media and Sport is committed to the goal of minimising regulatory burdens wherever possible. As these figures demonstrate we have made great progress in this area over the last five years and we will continue to look at opportunities to take forward this important agenda."



Department for Education

Our simplification programme

Although the DfE is predominantly a public sector facing department, it has sought opportunities to reduce the bureaucratic burden on the pre-and independent school sectors. Almost £55 million savings have been identified as follows:

- One tranche of savings arises from a move to child level data, which means that there is no longer a requirement to tell the local authority about dual funding.
- A further tranche concerns the removal of a requirement on independent schools to post hard copies of statutory information out to parents – it can be posted online.
- And a third tranche has been made by putting nurseries' and pre-schools' requirement to tell the local authority when a child leaves the setting online.

Our key simplification measures

Early years and daycare settings – £9.8m

Move to child level data for dual funding requirement.

Independent Schools – £16.3m

Statutory information to parents of independent school children put online.

Early years and daycare settings – £30.3m

Electronic transfer of data about children leaving a pre-school session.

Progress made in reducing administrative burdens (2005-2010)

Baseline £209.7m	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£0m	£0m	£0m	£8.3m	£54.93m
% reduction	0%	0%	0%	4%	26.19%

Case study

Independent schools measure

Grantham Farm Montessori School welcomes the removal of the requirement to send out hard copy information to parents as a "step in the right direction". *"Having these documents / policies and procedures on the website means that they are easily accessible for parents and also updated when necessary without having to send out paper copies every time."*

Sue Higgins, Director General, Corporate Service Directorate

"DfE has met the 25% burden reduction target of the Administrative Burden Reduction Programme and will continue to work to reduce burdens on stakeholders."



HM Treasury

Our simplification programme

- HM Treasury, in conjunction with the Financial Services Authority (FSA), has delivered and implemented 19 simplification measures since May 2005.
- In addition to the administrative burden reductions delivered by the Treasury, businesses have benefited from a saving of £137-£157 million from FSA reductions and over £8.1 billion in policy benefits, largely due to the implementation of the Payment Services Directive.

Our key simplification measures

Paperless settlement – total savings: £115m per year. *Simplification measure for the asset management sector.*

Changes to the financial ombudsman service disclosure requirements – total savings: £1m per year. *Reducing the cost to business of providing information to the FOS and to third parties.*

Consolidation of the public procurement regulations – total savings: £400,000 per year. *Simplified rules and enabled e-procurement and e-auctions.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £158.9m*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£0.4m	£0.4m	-£10.6m	£67.4m	£105.4m
% reduction	0.25%	0.25%	-6.67%	42.42%	66.3%

* HM Treasury's original baseline was revised to include information obligations in the Law of Property Act 1925 that relate to financial services. This administrative burden added £115 million to HM Treasury's baseline. Therefore HM Treasury's revised baseline is £158.9 million.

Case study

Paperless settlement

Euroclear, based in Brussels, owns the UK's central securities depository, which specialises in the settlement of securities transactions. Its paperless approach in settling transactions, primarily in bonds and equities, is based on electronic debits and credits of cash and securities positions.

Before the change in legislation, transaction processing for one remaining UK asset class – investment funds – which is highly prevalent within the asset or fund management sector, continued to be carried out in paper form.

Andy Rudd, Product Manager for **Euroclear UK & Ireland** explains "The manual process meant completing the transaction was time consuming and costly."

Now these settlement processes for the fund management sector and those investing in funds can be conducted electronically.

"It could take up to ten days or more to settle a UK fund transaction," says Andy. "We estimate that settlement will now take place more regularly in just four days."

Andrew Hudson, Managing Director, Public Services and Growth

"HM Treasury is pleased to have delivered these savings without eroding regulatory protections."



Food Standards Agency

Our simplification programme

- Over the past five years the Food Standards Agency has delivered total administrative burden savings and revocations of £151m per annum, without compromising consumer protection.
- The introduction of the EU food and feed hygiene regulations in 2006 significantly increased our burden*. However, without these additional requirements we would have exceeded our original £23m administrative burden reduction target by £1.3m.
- The programme has benefited from external challenge of initiatives through annual stakeholder simplification events and regular meetings of the Better Regulation Advisory Group, which includes industry and consumer stakeholders.
- In addition to administrative burden reductions, we have delivered policy cost savings to the private and public sectors of £222m annually and additional annual public sector savings of over £100m for three years following the replacement of the over thirty month rule with a new BSE testing regime in 2005.
- As a regulator whose statutory duties extend across the UK, our savings have also benefited businesses in Scotland, Wales and Northern Ireland.

Our key simplification measures

Guidance for farmers on animal feed record keeping requirements – total savings £44m per year. *Burden of new 2006 EU Feed Hygiene legislation was measured at £56m.*

Safer food better business – total savings: £28m per year. *Record-keeping tool helps small business comply with new 2006 EU food hygiene requirements effectively and proportionately.*

Traceability guidance – total savings: £16m per year. *Removed much of the burden created by following existing EU guidance.*

Guidance on labelling meat products – total savings: £10m per year. *Reduced burden of compliance with national Meat Products regulations.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £91m*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£-112.51m	£-113.45m	£-69.34m	£-68.92m	£-15.44m
% reduction	-124.32%	-125.36%	-76.62%	-76.16%	-17.06%

* New EU food and feed hygiene regulations in 2006 increased our total administrative burden from £91m to £204m. As a result the Food Standards Agency was required to make savings of £136m per year, rather than £23m originally set in 2005.

Case studies

Guidance on labelling meat products

"I consider that the step-by-step flow diagram guidance will greatly help businesses to understand and comply with the meat products regulation 5 requirements more easily. We prefer the 'two diagrams' approach as it is easier to handle, especially on small business premises. The good combination of colours, shadings, and keys in the diagrams really help to highlight what needs to be labelled in the product name in different circumstances."

Roger Kelsey Butchers, Brentwood, Essex

"The development of flow diagram guidance is the most logical solution plus it provides the second highest savings on administrative burdens for business out of the options under consideration."

Provision Trade Federation

Guidance for farmers on animal feed record keeping requirements

"The one page of A4 guidance, having taken on board some of our comments, is easy to read and should help farmers to understand what is required of them."

National Farmers Union

Jeff Rooker, FSA Chair

"Our primary objective is food safety and our simplification initiatives will always ensure that this is not compromised. Against this backdrop, our achievement over the past five years to reduce the burden of regulation on industry has been significant. Effective, risk-based and proportionate regulation is one of our strategic outcomes. Our decisions are based on science and evidence."



Home Office

Our simplification programme

The Home Office delivered over £32.2m administrative burden reductions in the 2005-2010 programme. This is over 38% of our baseline and significantly exceeds the 25% target. This was achieved by:

- Introducing a Points Based System which has greatly reduced the administrative burdens on employers who may bring migrants to the UK.
- Revising the licensing arrangements in Animal Scientific Procedures whilst maintaining welfare standards and complying with legislative requirements.

As part of the programme we have also:

- Significantly reduced the data we ask from frontline police (for example, in Stop and Search and ending Activity Based Costing).
- Supported the police service and the UK Border Agency in delivering the best possible value for money gains.

Our key simplification measures

Points based system – total savings: £59.6m per year. *Simpler cost effective process for the admission of migrants to the UK.*

Misuse and controlled drugs – total savings: £5.5m per year. *Streamlining processes and computerising registers and records.*

Animal Scientific (Procedures) Act 1986 – total savings: £1.8m per year. *Improvements to the process of handling applications for licences/certificates.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £83.042m*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£0m	£2.1m	£8.6m	£19.6m	£32.2m
% reduction	0%	2.6%	10.4%	23.6%	38.8%

*Amended from £84.82m 2005 baseline by £1.78m adjustments.

Case study

Points Based System (PBS)

PBS is a simpler and more cost-effective process that will facilitate the admission of only those migrants who will contribute to the UK economy. The new system rationalised over 80 subjective and complex routes of entry into the UK into a model of 5 coherent tiers. PBS simplifies what was a two-stage process for work permit migration into a single stage process.

"The process and the support of the UKBA was, for us at Schiller, invaluable. The fact that someone was able to come and talk with my staff before we filled out the on-line form was most helpful and did help us to complete the documentation with minimal problems. The guidance notes, once printed, were again a positive factor in ensuring that we registered in a manner which allowed us to "get it right". The response from our application was timely and I felt that the staff were supportive of our experience and the process was easier than we expected it to be."

Professor David Taylor, Schiller International University

Helen Kilpatrick CB, Director General, Financial and Commercial

"This note summarises the contribution that the Home Office made to the 2005-2010 Administrative Burden Reduction Programme. Further details are available from the published Home Office Simplification Plan - December 2009 "Better Regulation - Delivering for Our Stakeholders."



Office for National Statistics

Our simplification programme

- ONS compiles information about the UK's society and economy, and provides the evidence-base for policy decisions, the allocation of resources, and public accountability.
- ONS had a target to reduce the burden on business by 25% by 2010 for those surveys over which it had most control.
- This equated to a 19% reduction on all surveys and recognised ONS's limited influence over EU demands and the work done from 1994 to 2005.
- ONS had £3.3m of its reductions fully validated under the External Validation Programme to end of March 2009.

Our key simplification measures

The measures below came into effect during 2009/10. Therefore the original surveys were running for part of the year and the new surveys ran for the remainder of the year. The full benefits of the changes will not be realised until 2010/11.

Construction surveys – total savings: £2.1m per year. *All 5 were rationalised: two surveys simplified; one survey outsourced; one survey discontinued; and one survey combined with BRES.*

Business register and employment survey – total savings: £746,000 per year. *ONS replaced two annual surveys which removed duplication.*

Monthly business survey – total savings: £150,000 per year. *ONS brought together several existing surveys thus collecting all employment information quarterly and less useful questions were dropped.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £48.8m*	Delivery			
	March 2007 £39.7m	March 2008 £39.7m	March 2009 £48.8m*	March 2010 £48.8m
Net reductions	£2.6m	£6.4m	£6.4m	£9.0m
% reduction	6.5%	16.1%	13.1%	18.4%

* At the end of the financial year 2007/08 ONS took responsibility for five surveys into the construction industry. There was a consequential £9.1m increase in ONS's compliance budget starting in 2008/09.

Dennis Roberts, Director for Surveys and Administrative Sources

"ONS has been reducing its burden on business for nearly 20 years and will be continuing to do so while maintaining the high quality of the economic statistics needed by its customers. ONS is developing its systems to minimise the burden on businesses, and is continuing to make more use of data collected by other areas of Government."



Charity Commission

Our simplification programme

The Commission's progress reflects our continuing commitment to finding the minimum burden on charities that is consistent with their effective regulation.

While there have been a wide range of simplifications, the largest savings have come from changes to the reporting and accounting requirements that provide the bulk of the costs of complying with charity law.

Overall, charities of all sizes have benefited from the measures in the Programme but we are particularly pleased that regulatory costs have been reduced for the 70% of registered charities with income of no more than £25,000.

We will continue to look for further savings. For example, we will shortly review the Summary Information Return prepared by registered charities with income over £1m and look forward to contributing to the review of the operation of the Charities Act 2006 that we expect to take place in 2011/12.

Our key simplification measures

Accrual accounts threshold – total savings: £3.6m per year.
Allows simpler, less expensive, form of accounts.

Trustees annual report preparation – total savings: £2.4m per year.
Combined impact two measures.

Accounts scrutiny threshold – total savings: £1.19m per year.
Increase removed need for external scrutiny of accounts.

Progress made in reducing administrative burdens (2005-2010)

Baseline £36.6m*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£0.18m	£3.72m	£2.22m	£1.12m	£6.22m
% reduction	0.48%	10.15%	6.05%	3.05%	16.98%

*Original baseline was revised following Commission re-measurement in two areas.

Case study

Increase in threshold for preparing accruals accounts

"In terms of time and skill required, the change ... represents a major burden reduction for the ordinary, less qualified, Church Treasurer. The level of expertise they perceive to be required deters church members from volunteering to be treasurer. Extending the base for the less demanding Receipts and Payments basis should also provide a considerable boost to the recruitment of new and successor candidates to fill the post."

Ron Norey, Secretary of Association of Church Accountants and Treasurers

Change allowed 11,700 charities to prepare accounts in a simpler, less expensive, format, saving £3.6m per year.

Rosie Chapman, Executive Director, Policy and Effectiveness

"The Commission is pleased that the regulatory burden on thousands of charities has been reduced by the measures summarised here, and we will continue to seek further opportunities to modernise the regulatory framework to reduce the burden on charities and encourage public support and involvement in charities."



Cabinet Office

Our simplification programme

The Cabinet Office does not legislate in high volumes and as such produces very little regulation of its own. Key functions of the Cabinet Office are to co-ordinate and promote good policy-making across government.

Administrative burdens

- **Charities (Qualified Surveyors' Reports) Regulations 1992:** The Cabinet Office has consulted on extending the definition of "qualified surveyor" to include Fellows of the National Association of Estate Agents. This has the potential to save charities £8.9m per year.
- **Charities Act 2006:** Public Charitable Collections: Concerns expressed whether new licensing will provide value for money, or whether implementation costs would outweigh benefits; Office of the Third Sector (OTS)\Charity Commission commissioned independent study compared to existing legislation; Research was completed in 2009 and is now being reviewed prior to recommendations being put to Ministers for approval during 2010.

Policy burdens

- **Charities bill charitable incorporated organisation:** The CIO is due to be available in spring 2011. This new legal form will enable charities to have corporate status but only be regulated by the Charity Commission.
- **Commissioner for the Compact:** Strengthening and simplifying relationship between Government and voluntary sector. New Compact launched 2009; updated, more streamlined, dynamic, user friendly and easier to implement for both public and third sector alike.
- **Public services delivery plan:** Cross government action plan removes barriers to third sector involvement in delivery of public services. Implementation of 'Partnership on Public Services' and the National Programme for Third Sector Commissioning, which formed part of the Partnership Plan, successfully reached phase 2.
- **Charities bill:** Measures to facilitate charity restructuring and mergers – provisions of Charities Act 2006 implemented in November 2007 and some of the benefits made available to charities that had already merged. Figures from September 2009 suggest that over 530 charities were on the Charity Commission's register of charity mergers.

Progress made in reducing administrative burdens (2005-2010)

Baseline £15.4m	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£0	£0	£0	£0	£0
% reduction	0%	0%	0%	0%	0%

Our key simplification measures

Public charitable collections – potential savings: £2.6m per year (current delivery £nil). *New licensing regime for Street and House-to-House collections.*

Charities (Quantified Surveyors' Reports) Regulations 1992 – potential savings: £2.4m per year (current delivery £nil). *Regulations proportionate to type and size of land and property transactions.*

Alexis Cleveland, Director General, Corporate Services Group

"Prior to publication of the Cabinet Office Simplification Plan December 2009, assurance was given to NEC (BR) on a number of issues they had highlighted in the Plan; in particular progress against the Administrative Burden Reduction target of £5.4 million between 2001 and May 2010.

At that time the then Minister for the Cabinet Office gave assurance that this target would be achieved by May 2010. Due to needs arising for further consultation and independent study to clarify complexities and definitions in the legislation Cabinet Office have not been able to meet the target but will record any future savings made."



Government Equalities Office

Our simplification programme

- The baseline of GEO's administrative burden is formed from three forms for employers relating to discrimination cases – measured at £5.7 million per annum.
- The implementation of the Equality Act provides the opportunity to rationalise these forms and to reduce GEO's administrative burdens by the 25% target: a net saving to business of £1.4 million per annum.
- GEO will implement the form rationalisation necessary to achieve its simplification target, when the main provisions in the Equality Act are commenced.
- A consultation was launched on the rationalisation of the forms on 16th June. In response to that consultation, we will provide a further validation on the savings to be realised.
- The Equality Act will have wide reaching simplification benefits – reducing nine pieces of legislation into a single Act making the legislation easier to access, understand and implement.
- New regulatory burdens, presented in the table, arose from the implementation of the EC Gender Directive (2004/113/EC), requiring greater transparency in the pricing of insurance products for men and women.

Progress made in reducing administrative burdens (2005-2010)

Baseline £5.7 million*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£0	£0	-£0.25m	-£0.25m	-£0.25m
% reduction	0%	0%	-4.39%	-4.39%	-4.39%

* The Equality Act received Royal Assent in April 2010, but GEO will not achieve its simplification target until the main provisions in the Act are commenced.

Case study

Equality Act

On the rationalisation of forms relating to discrimination cases, which will be implemented when the main provisions of the Equality Act are commenced, **Simon Langley, UK Lead Manager for Inclusion and Diversity** at the **National Grid**, said:

"The distillation of all the previous paperwork and processes into a single set of documentation, which is straightforward, is most welcome."

Janice Shersby, Director of Policy

"The GEO remains committed to realising savings from the forms rationalisation and to working with business to secure the wider benefits of the Equality Act, which brings existing discrimination legislation together and creates a simpler, harmonised legal framework."



Forestry Commission

Our simplification programme

- Forestry Commission has exceeded its departmental target of 25%.
- Forestry Commission measures currently contributing the highest net annual savings are:
 - Plant health – wood packaging material marking programme
 - Felling Licences Regulatory Reform Order
 - Plant health – reduced inspection frequency for maple from North America
- European Union (EU) Directives are a major influence, and six of our regulations originate from EU Directives
- Forestry Commission has achieved simplification of EU legislation including the;
 - Plant health, as below
 - Forest reproductive material – streamlining documentation procedures
 - Habitats Directive

Our key simplification measures

Plant health – total savings: £341,000 per year. *Worked with the wood packaging industry to develop the UK Wood Packaging Material Marking Programme – ISPM15 – which enables registered manufacturers to provide readily identifiable wood packaging to exporters that meets other countries import requirements.*

Felling licences – total savings: £30,000 per year. *Amendment of the 1967 Forestry Act via a Regulatory Reform Order to remove the requirement to secure a prior conviction.*

Plant health total savings: £15,800 per year. *Reduces costs for importers at ports of entry due to the reduced frequency inspection checks for maple from the Canada and the USA.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £1.46m	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	£0.38m	£0.38m	£0.39m	£0.39m	£0.39m
% reduction	26%	26%	27%	27%	27%

Case studies

UK Wood Packaging Material Marking Programme

"I have been most impressed with the way the Forestry Commission has developed and implemented the UK Wood Packaging Material Marking Programme. The initial voluntary code led the way and my European colleagues have used the UK code as the template for devising the ISPM15 compliance scheme in each country. It being well understood that the UK programme has been agreed after full consultation with the UK industry so that rigorous and practical rules have been implemented."

Gil Covey, President of the Federation of European Wood Pallet and Packaging Manufacturers

Implementation of habitat regulations 2007

"I wish to thank the FC England team for their excellent guidance on the implementation of the amendments to the Habitat Regulations that came into force in August; which has received positive feedback from the sector."

Comment from a representative of the forestry management and ownership sector

Wilma Harper, Head of Corporate and Forestry Support

"The Forestry Commission has maintained an exemplary level of engagement with stakeholders on both new regulatory measures and policy changes, and we continue to look at what we might do to benefit our stakeholders. In addition, we also consider what we might do for those stakeholders (such as timber merchants and haulage contractors) who, although not affected by regulatory control, face administrative costs when dealing with us."



Department of Energy and Climate Change

Our simplification programme

- DECC was founded in late 2008, two thirds of the way into the Programme. As a result, BRE and the department agreed that there should be no target for the 2005-2010 simplification period, although simplifications were still sought.
- In addition, DECC's challenging ambitions on reducing UK emissions have required urgent action as a delay could ultimately result in greater costs for business, in terms of adapting to, and coping with climate change.
- DECC has embedded better regulation principles into all its processes, simplifying where possible and imposing the minimum regulatory burden necessary on businesses and society in general. We are rigorous in terms of thorough cost-benefit analysis and value for money and we will continue to keep our regulatory burdens under review.
- DECC have developed and published extensive guidance on the valuation of energy use and greenhouse gas emissions for appraisal and evaluation, ensuring a consistent methodology of costing emission impacts in DECC and across Government.

Our key simplification measures

Reform of the renewables obligation – total savings: £0.4m per year. *Reduced the reporting requirement for small generators from a monthly to an annual cycle.*

Review of nuclear site authorisations – total savings: £0.4m per year. *Rationalised the information required from nuclear sites for inspections by the Environment Agency.*

Simplification of transfer of nuclear licences – total savings: £0.2m per year. *Reduced the information required for the licence transfer by eliminating or simplifying data streams.*

Progress made in reducing administrative burdens (2005-2010)

Baseline £45.14m*	Delivery				
	May 2006	May 2007	May 2008	May 2009	May 2010
Net reductions	-£4.20m	-£3.72m	-£3.42m	-£4.75m	-£14.41m
% reduction	-9.3%	-8.3%	-7.6%	-10.5%	-32.0%

*DECC's original 2005 baseline was established at £77m. This was adjusted downwards by almost £32m in March 2010 to reflect additional evidence about the actual level of burden from DECC policies.

Case study

Overhead Line Exemption Regulations

"The Overhead Line Exemption Regulations were a positive step in allowing greater flexibility in the modification or renewal of existing electricity networks, whilst still allowing Local Authorities to review all proposals but in most cases without the requirement for a formal application for an 'overhead line consent' under the Electricity Act. This has meant a reduction in the amount of paperwork required and also meant that proposals can be implemented more quickly as there is no delay in waiting for formal consent, simply the time allowed for the Local Authority to comment."

Christian Hjelm, Consents & Wayleaves Manager, Western Power

Edmund Hosker, Director General, Corporate and Professional Services

"DECC is committed to keeping additional administrative burdens to a minimum, while also seeking to identify simplification measures to reduce the costs imposed on business."

Chapter 4

External Validation Panel¹⁴

The External Validation Panel (EVP) was established in 2008, in response to recommendations from external stakeholders, including the National Audit Office. The then Government agreed that external scrutiny of claimed savings was essential to ensure the credibility of the programme with the business community.

The focus of the EVP was to test the assumptions underpinning the reported administrative burden reductions, to ensure that the changes have been effectively communicated to business; and that businesses are realising the benefits of the changes made.

The EVP provided a robust challenge and quality assurance role and has included representatives from the:

- Institute of Directors
- British Chambers of Commerce
- Federation of Small Businesses
- Trades Union Congress
- Confederation of British Industry
- Engineering Employers Federation

In 2008, the EVP chose to scrutinise simplification measures implemented between May 2005 and May 2008 which were claiming the largest annual savings. This resulted in nearly 86% of reported gross annual savings being validated by the panel, a total of £1.88bn.

The EVP also tasked the Better Regulation Executive to work with departments to review all remaining simplification measures reporting savings of more than £10m to ensure they were credible. This led to additional gross savings of £90.53m being validated.

"Through participation in the External Validation Panel it's possible to scrutinise departmental regulatory improvements. Holding civil servants to account for their decisions, questioning figures and underpinning rationales are all important aids in making sure the Government's regulatory improvements are felt out on the ground."

Alexander Ehmann, Institute of Directors

14. Please note figures in this section may differ from those previously reported due to subsequent revisions and baseline adjustments. All changes have been agreed by the External Validation Panel.

In 2009, the EVP chose to scrutinise new measures reporting annual gross savings of more than £10m and previously validated measures delivering additional gross savings of more than £10m.

The EVP also wanted to ensure that all departments claiming savings had at least one of their measures scrutinised. This meant that the following departments had simplification measures scrutinised for the first time:

- Forestry Commission
- Office for National Statistics
- Charity Commission
- Department for Children, Schools and Families (now Department for Education)

As a result of this, the EVP validated over £500m worth of savings, bringing total programme validation to £2.47bn – nearly 75% of total gross savings at May 2009 when the panel met.

In 2010, the EVP chose to scrutinise all measures delivering annual savings of more than £10m and those measures previously validated which realised additional savings greater than £10m.

In addition, the EVP also scrutinised measures from two departments (Charity Commission and Department of Energy and Climate Change) which had not previously had measures validated by the EVP – this resulted in measures worth nearly £1.6bn being scrutinised.

Following their review of these measures, the EVP validated £1,303m, bringing total programme validation to £3,776m – over 87% of the Programme's gross implemented saving has been independently validated.

This provides business and the wider public with a significant degree of reassurance over the veracity of savings reported against the original targets set for the Administrative Burden Reduction Programme.

Further details of the measures scrutinised and validated by the EVP since 2008 can be found in Annex B.

"Improving the way government approaches regulation is a key issue for manufacturers so EEF was very pleased to be part of the External Validation Panel. The panel has played an important role not only in scrutinising the simplification programme but also in helping to generate a culture change within government."

Stephen Radley, Engineering Employers Federation

Chapter 5

Third sector

The 'third sector' was the term used by the previous Government to refer to charities, voluntary-sector organisations and social enterprises.

2010 achievements

The third sector has benefited from general simplification measures, introduced through the ABRP, which affect all businesses. Some specific administrative burdens for charities have also been addressed, such as making the annual reporting required by the Charity Commission easier and more proportionate.

Making employment law easier

Employment law impacts as much on charities and third sector employers as on other sectors. In 2009, steps were taken by the Department for Business, Innovation and Skills (BIS) and the then Office of the Third Sector (now the Office for Civil Society) to ensure that third sector employers had better access to the latest employment guidance through Business Link. This achieved annual savings of £418 million for employers across the private and third sectors.

BIS Employment Law Organiser

Many charities and other small civil society organisations do not have a dedicated HR team. In 2009, BIS launched a free desktop tool to help such organisations get the information they need.

This Employment Law Organiser makes it easier for Small and Medium sized Enterprises (SMEs) to comply with their obligations; saving them time and money.

This tool provides a summary of the key obligations that every SME employer needs to meet – from small business managers to charity directors – and includes links to the relevant free guidance on the Business Link website.

Sitting as an icon on a PC desktop, the organiser can be opened quickly and used when needed.

The *Employment Law Organiser* is also automatically updated as and when new legislation is introduced, helping employers keep up to date with their obligations.

www.businesslink.gov.uk/employmentlaworganiser



Making life simpler for small charities

In addition to the better regulation small business strategy, the Charity Commission has a particular interest in supporting small charities. Simplifications made to reporting requirements in 2008 continue to impact positively on this sector.

Simplifications for Small Charities

There are around 23,000 small charities in England and Wales with annual income of £10,000 – £25,000. More than **£1.66m** has been saved for these organisations as a result of simplifications including:

- easier and more convenient way to update registration details online;
- only need to complete part of the Annual Return form;
- no longer required to be subject to external scrutiny (independent examination or audit);
- no longer need to routinely submit accounts and Trustees Annual Reports to the Charity Commission;
- in practice most small charities' activities and finances will be monitored by their funders;
- more accessible, consistent advice and guidance via Charity Commission Direct;
- some charities also benefited from a simplified process:
 - for spending small amounts of capital;
 - to facilitate mergers, and
 - to streamline trustee indemnity insurance and trustee payments for the provision of services.
- stronger influence through partnership work with small to medium charity umbrella bodies.

Streamlined business practice

Simplifications within the Charities Act 2006 made it easier for organisations to achieve economies of scale through mergers. This change in the legislative framework provides the sector with greater flexibility in how they organise themselves to meet future challenges.

Reducing funding and monitoring burdens

Funding and monitoring is often highlighted as imposing the largest administrative burden on the sector.

In 2009 the then Office of the Third Sector (now the Office

for Civil Society) published 'Principles of Proportionate Monitoring'¹⁵ and collaborated with National Audit Office to publish 'Intelligent Monitoring'¹⁶. These reports encouraged government departments to take account of charities in creating less burdensome monitoring regimes.

A number of departments, including the Department for Children, Schools and Families (now the Department for Education), Department for Transport and the Ministry of Justice, embedded the principles of these reports into grant-making practises which began to benefit charitable organisations in 2009.

15. www.cabinetoffice.gov.uk/media/216752/principles.pdf

16. www.nao.org.uk/guidance_and_good_practice/toolkits/intelligent_monitoring.aspx?alreadysearchfor=yes

Chapter 6

Small businesses

Small and Medium sized Enterprises (SMEs) – defined as those with fewer than 250 employees – form over 99% of businesses in the UK. Small enterprises and self-employed sole traders represent well over half of private sector jobs and make up over 50% of UK turnover.

Both the costs and the time required to comply with regulations are proportionately greater for smaller businesses and can take resource away from their core business. That is why it is vital that these burdens are minimised to allow these enterprises to thrive and,

in so doing, strengthen the UK economy.

The Department for Business Innovation and Skills (BIS) works with colleagues across Whitehall and the EU to promote an approach to policy-making which takes into account the particular needs of, and pressures on, SMEs.

‘Think Small First’

From the start of this year the ‘Think Small First’ approach has been extended to cover primary (Acts) as well as secondary legislation (usually Statutory Instruments, which allow the government to

make changes to the law using powers conferred by an Act). This approach commits departments to assessing specifically the impact of new regulation on businesses with fewer than 20 employees and considering ways to mitigate this impact, which can include exemptions or alternative reporting arrangements.

Micro-businesses review

BIS conducted a review in 2009/10, exploring how regulations affect businesses with fewer than 10 employees. Businesses with fewer than 10

employees account for 96% of UK businesses and around 7 million jobs. The review covered 500 micro-businesses, with a particular focus on the high street, and discovered that these businesses are struggling to cope with the volume and complexity of regulation.

The coalition Government is currently developing a strategy to tackle the problems identified and improve the situation for micro-businesses.

Thinking small at the European level

The UK works closely with European partners and EU institutions to promote the cause of small businesses at the EU level and, following UK lobbying, the Commission agreed measures to build SMEs considerations into the policy making process. The Small Business Act for Europe, introduced in 2008, committed to rigorously assess the impact of forthcoming legislative and administrative initiatives on SMEs and look at ways to mitigate impacts. However, it will only be felt by SMEs when it is consistently embedded across the Commission.

Some examples of this new approach are: businesses in the chemicals sector have long expressed concerns about the onerous administrative

costs of regulation and SMEs find it particularly difficult to comply with the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Directive and CLP (Classification, Labelling and Packaging) regulations.

The European Commission decided in May 2010 that small firms could pay reduced fees to the European Chemicals Agency (ECHA). It has cut fees by 90% for micro-businesses, 60% for small companies and 30% for medium-sized companies. These fees apply when a company asks for an alternative name for a substance or requests harmonised classification and labelling for substances.

In addition to reduced fees, small firms will also be able to access advice from national helpdesks.

Communities and Local Government

Small firms eligible for Small Business Rate Relief no longer have to register for relief annually as certificates now last for five years. This has delivered savings of £11m by 2010, and has been validated by the External Validation Panel.

Financial Services Authority/ Department for Business, Innovation and Skills

Changes to small firms audit requirements have removed the need for 3,400 small firms to have a statutory audit, saving them £12.9m per year. The Financial Services Authority (FSA) consulted the industry and found support for this proposal. The Department for Business, Innovation and Skills then amended the Companies Act to exempt small FSA-authorized firms and Appointed Representatives that only undertake mortgage and general insurance business from the audit requirement.

SECTION 3

Wider simplifications

Chapter 1 Public sector

Chapter 2 Reducing policy burdens and non-monetary irritants

Chapter 3 Influencing the European Union

Chapter 1

Public sector

The former Government's strategy, 'Cutting Bureaucracy for our Public Services'¹⁷ (2007) set out to address concerns from front line workers in the public sector that too much time was being spent on unnecessary paperwork and requests for information from central government departments.

The strategy sought to deliver tangible and permanent reductions in unnecessary government bureaucracy to allow frontline staff to spend more time delivering key services.

Cutting bureaucracy in the public sector: key aims

- Fewer and better co-ordinated requests for data from the frontline – 30% reduction in information requests from central government to the public sector front line by 2010.
- A reduction in the stock of unnecessary bureaucracy in the areas the front line cares most about.
- Better engagement with front line workers to identify and remove bureaucracy.
- Better regulation that is understood and mirrored through the public service delivery chain.

2010 achievements in reducing bureaucracy in the public sector

Building on the progress made in 2009, central government departments continued to identify and remove unnecessary bureaucracy. The original target of 30% has been exceeded, a positive step in reducing central government bureaucracy for the public sector front line.

30% Reduction in Requests for Information by Central Government

In 2007, 11 government departments identified and published figures which meant that, for the first time, Government had a picture of what information was being requested from the public sector front line. Nine government departments then worked to reduce the number of information requests they made. A 34.1% reduction in the number of information requests has been delivered across these nine departments.

17. www.berr.gov.uk/files/file45149.pdf



FIGURE 6: Delivery of the reduction of information requests from central Government

Department	Number of information requests in 2007 (baseline)	Number of information requests as of may 2010	% Reduction achieved by may 2010
CLG	148	91	38.5%
HO	111	75	32.4%
MOJ	82	54	34.1%
DFT	38	26	31.6%
DCMS	33	30	9.1%
BIS and DECC (former BERR ¹⁸)	21	15	28.6%
DEFRA	20	7	65.0%
DWP	17	9	47.1%
CO	8	8	0.0%
TOTAL	478	315	34.1%

18. The former BERR baseline includes data streams that are now the responsibility of either DECC or BIS.

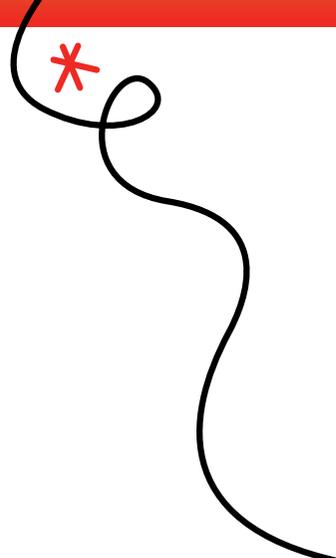
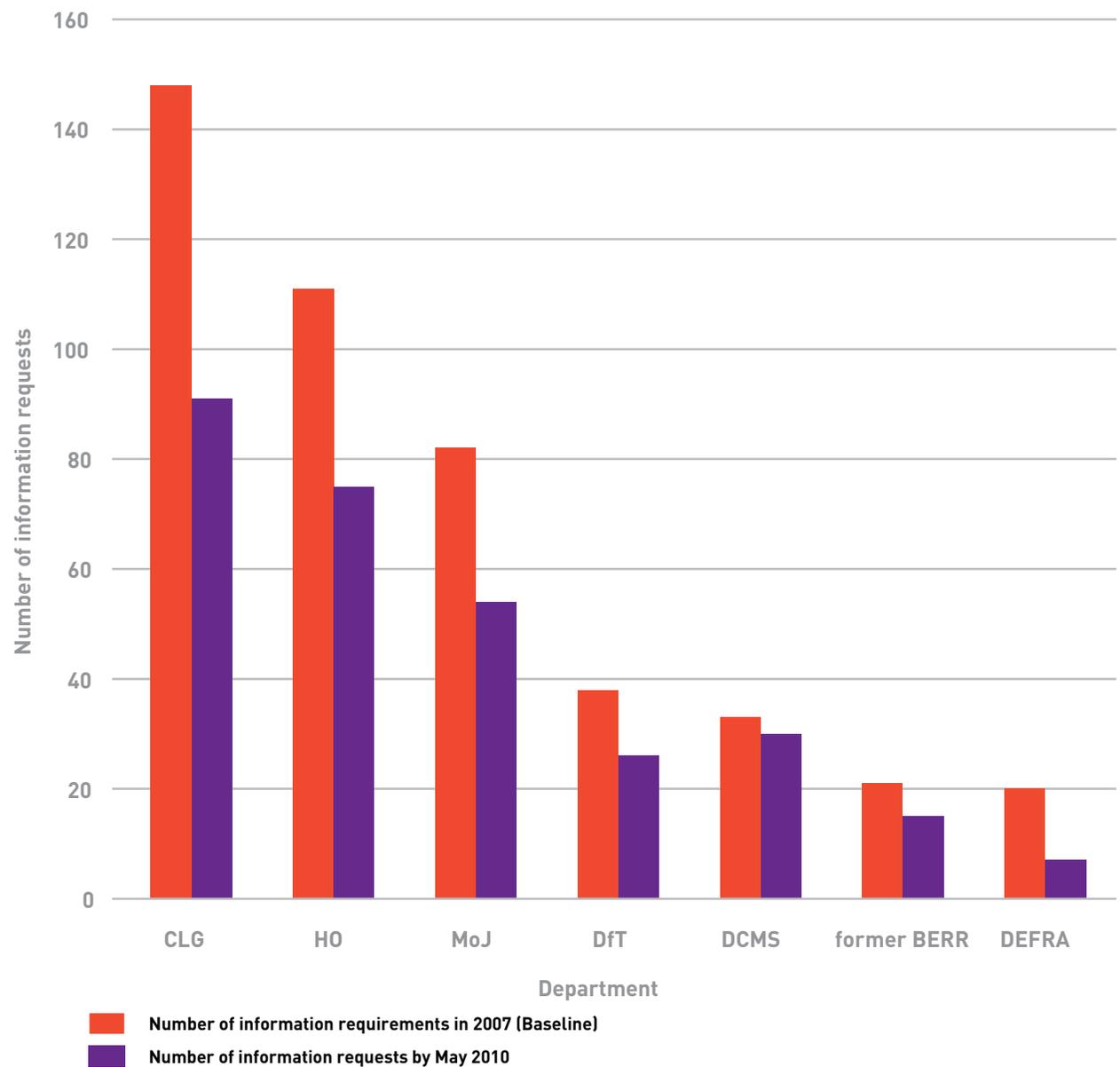


FIGURE 7: Reduction of information requests



30% reduction in 'data streams' imposed by central Government

A further three departments elected to reduce the data 'burdens' they imposed on public sector front-line staff, either by removing requests, reducing the frequency of

requests or making data returns more efficient and streamlined. The Department of Health is on-track to deliver a 30% reduction in the burden on health care services by October 2010, freeing-up more than 1.4 million hours of staff time annually. The Department for Education removed data

streams which will result in a saving of £1.8m by July 2012 (a 29% reduction). The former Department for Innovation, Universities and Skills reduced burdens by 13%, which represents a saving of £16m.

FIGURE 8: Departments reducing the 'burden' of information requests

Department	Measured in...	2007 Data burden baseline	% Reduction by May 2010
Department for Education (former Department for Children, Schools and Families)	Cost	£6,400,000	10% (29% by 2011/12)
Department of Health	Staff resource (person years)	Equivalent to approx 498 FTE staff over a year	24.3% (30% by Oct 2010)
BIS (former DIUS) ¹⁹	Cost	£123,500,000	13%

19. The former DIUS baseline includes data streams that are now the responsibility of BIS.

Better engagement with front-line staff

A range of government departments established public sector stakeholder forums in which front line workers scrutinised the need for information requests from central government. For example, the Reducing Data Burdens Steering Group at the Department for Communities and Local Government monitored information burdens on local authorities.

This group brought together representatives of central government departments, local government, the Local Better Regulation Office and the Audit Commission.

Other groups scrutinising the data burdens being imposed on the public sector frontline have included the Bureaucracy Reduction Group in the Department for Business, Innovation and Skills. This group aimed to minimise burdens imposed by the Skills Funding Agency and the Young People's Learning Agency. The National Police Improvement Agency's Reducing Bureaucracy Practitioners Group also helped to drive the reduction of bureaucracy on front-line police officers.

Department For Education (DfE) 'Star Chamber Scrutiny Board'

DfE's Implementation Review Unit, composed of head teachers and teachers, advised the department on how best to drive the reduction of bureaucracy in education, while the Star Chamber Scrutiny Board (SCSB) reviewed and approved over all new proposed information requests. A recent example of the Star Chamber at work arose during the heavy snow earlier this year. A request from the department for written confirmation as to whether schools had closed due to the weather was rejected by the SCSB after consideration of the adverse conditions under which schools were operating. Given serious transport, staffing and safety issues, it was felt that any additional burden – even a form which may have taken 10 minutes to complete and return – was not justifiable.

A further example was a request for information on referrals to children's social services regarding child protection and care proceedings. SCSB noted that while this request might have been permissible at another time of the year, it would be made to local authorities at a time when those involved in child protection were already expected to cope with two other data collections, and it was therefore rejected.

While each individual information request such as these may concern small amounts of time and effort, bodies such as the SCSB have been able to look at the cumulative burden of such requests, as well as the overall context in which practitioners operate, and balance this against the potential value of the information to be collected.

Wider work on improving public sector savings

The cutting bureaucracy strategy complemented the wider HM Treasury-led public sector efficiency programmes: the Value for Money Programme (2007); the Public Value Programme (2008); and the Operational Efficiency Programme (2008).

All three programmes generated significant public sector efficiency savings and contributed to reducing unnecessary bureaucracy in the public sector.

In addition to the savings from reducing central government data requests set out above, departments' simplification plans included details of a range of ways in which they are improving efficiency and reducing bureaucracy in the public sector.

The 'Summary of Simplification Plans 2009' report gave details of £1,322.7m of annual savings through wider efficiency programmes. By May 2010, these programmes have realised annual savings of £1,484.2m.

Home Office Stop and Account

From 2005 until 2008, police officers were required to fill out a long form when conducting a 'Stop and Account'. This is when an officer requests a person in a public place to account for themselves by asking questions which are more than just general conversation.

Following a recommendation in Sir Ronnie Flanagan's Review of Policing, the Home Office ran a series of pilots on how police officers record such stops. As a result of this work, guidance was changed to ensure police no longer have to complete a long form containing detailed personal information, saving time for both officers and the public in those forces that have adopted the changes so far. Instead, the officer gives the person stopped a business card to ensure accountability of the police.

Communities and Local Government (CLG) Simpler planning applications

"At Teesdale we have worked hard to encourage electronic submission because it's a real help to the administration team. It cuts out the time-consuming process of scanning plans and linking drawings to files and eliminates the need for data entry because the information drops automatically into our back office systems. More than 65% of our applications are now submitted electronically and the team can process ten a day compared to three paper forms. We are a small authority with limited resources and that makes a massive difference."

Maria Ferguson, former Development Control Manager at Teesdale District Council:

The ability to submit applications electronically and increased consistency in the planning system has saved local authorities an estimated £85m in addition to private sector savings of £137 million.

Chapter 2

Reducing policy burdens and non-monetary irritants

Policy burdens are the costs inherent in meeting the aims of regulation. These may impose capital costs (e.g. purchasing new equipment), cash costs or productivity costs (e.g. extending maternity leave entitlements for employees).

Policy costs differ from administrative costs which are incurred in gathering information about a business' activities and providing evidence of compliance (e.g. form filling).

The previous Government did not set a target for reducing policy costs as part of the Administrative Burden Reduction Programme. However, over the past five years departments have taken the opportunity to look for ways to reduce policy costs, where possible.

This has resulted in a reduction in policy costs of more than £1.3bn since 2005.

FIGURE 9: Gross policy savings for business and third sector

Final programme delivery					
May 06	May 07	May 08	May 09	Dec 09	May 10
£221.3m	£737.0m	£917.8m	£1,069.9m	£1,209.8m	£1,341.4m



The table below highlights some of the policy savings departments have implemented that will benefit businesses and third sector organisations. Many of the policy savings have administrative savings associated with them such as Safer Food, Better Business which realises £28m in administrative savings.

FIGURE 10: Top policy savings for businesses and the third sector (by value, £m) between 2005 and 2010

(Continues on the next page)

Policy reduction	Simplification description	Estimated annual policy savings as at May 2010
HSE Construction (Design and Management) Regulations 2007	This regulation simplifies the process for checking contractors' competence whilst consolidating four separate pieces of legislation.	£166m
Food SA Safer Food, Better Business	A pack and a simple record-keeping diary aimed at helping small food caterers and retailers comply with food safety management procedures. Packs have been developed for various cuisine types, with an interactive DVD in 16 different languages. Training and coaching advice is also provided.	£128m
DH Better Regulation of Medicines Initiative (BROMI)	Multi-award winning BROMI allows industries to gain from streamlined processes and faster time to market.	£104m
DfT Better targeted safety inspection requirements for goods vehicles and passenger transport (HGV and PSV) operators	DfT published a revised 'Guide to Maintaining Roadworthiness' in December 2006. The guidance will reduce the number of times some modern vehicles need to be given vehicle inspections (other than annual MoT tests), saving time and costs for some operators.	£100m
DfT Removing bilateral restrictions on international air travel to and from the UK	Concluding agreements to remove restrictions on international air travel to the UK which will have the effect of increasing air travel to and from the UK. This will increase the revenue of relevant companies.	£100m



Policy reduction	Simplification description	Estimated annual policy savings as at May 2010
DfT Reduced burden on radioactive material transport industry	Mutual recognition of Certificated for Radioactive material Transport Packages between UK and France. A single application will result in certification in both UK and France.	£75m
DfT Transport of radioactive waste	Amendment of the International regulation dealing with the transport of radioactive waste.	£70m
BIS Other Companies Act measures including codification of directors' general duties	This will lead to more predictable and comprehensive laws for private businesses.	£67.5m
HSE First aid guidance	Allows employers to choose from two training courses in the future for first aiders.	£52m
Food SA Lifting the ban on the use of beef bones	Slaughterhouses and cutting plants are no longer required to dispose of UK beef bones as animal by-product. They may now sell bones on for use in food production.	£40m



Non-monetary irritants

Some regulations may not have a high cost associated with compliance, but attract significant negative feedback from those affected. These regulations, often referred to as 'business irritants', tend to serve a purpose which is not obvious to those who are obliged to implement them, which duplicates other activity or which requires actions or information which is self-evident.

For example, the Department for Communities and Local Government has amended its procedures for correcting minor errors at appeal on planning applications. As long as the error is inconsequential to the decision, it may be corrected easily and simply, greatly improving the efficiency of the appeal procedure.

Chapter 3

Influencing the European Union

The European Commission has made significant progress towards delivering its better regulation agenda over the last five years.

Steps have been taken to improve both the 'stock' (existing legislation) and 'flow' (new legislation) of EU legislation and to embed the 'Think Small First' principle in the EU policy-making process. At the Spring European Council in March 2007, EU Heads of State and Government

unanimously agreed to set a target to reduce administrative burdens arising from EU legislation by 25% (gross) by 2012. The Commission has estimated the administrative burden stemming from the 72 legal acts in scope of the EU Simplification target to be approximately €123.8 billion as of 2005. VAT and company law were found to be the most burdensome areas of regulation, together responsible for over 80% of the total burden

imposed on business across Europe. In 2009, the outgoing Commission published a communication outlining how the EU will achieve the 2012 target²⁰. It listed measures already taken, legislative proposals which were pending agreement by the Council and Parliament, as well as additional ideas for the new Commission to consider.

In his second term in office, Commission President Barroso has made a personal commitment to continue driving forward work to reduce administrative burdens on business. Following this, and as part of his pledge for 'smarter' EU regulation, President Barroso has placed the EU administrative burden

programme under his personal authority in the Secretariat General. He has also extended the remit of the High Level Group on Administrative Burdens (also known as the Stoiber Group), who independently challenge and advise the Commission on ways to deliver simplifications for business.

"Reducing administrative burdens means unlocking the growth potential of our enterprises and contributing to economic recovery."

President of the European Commission, José Manuel Durão Barroso, 15 April 2010

20. www.europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/30



The UK's engagement with the EU

The UK is continuing to engage with other Member States to encourage the EU institutions to deliver administrative burden reductions that will make a real difference to business. Examples of how the UK's engagement has delivered positive outcomes in the past can be found below.

The EU Services Directive

On 28 December 2009, The EU Services Directive was brought into force in the UK with the aim to make it easier for service providers to set up business and offer services in other European Economic Area (EEA) states. This is expected to increase output in the UK by an estimated £4-6 billion per year, increase employment opportunities and increase trade. UK SMEs in particular are set to benefit because they are disproportionately affected by barriers to establishment and account for 44.2% of the UK service sector.

"Have you ever thought of selling your services in the EU? For small business this is now much easier through the implementation of the Services Directive and the new Points of Single Contact. Information and formalities about all EU countries can be found online from your desktop. This Directive has huge potential for small service providers to dip their toes into EU markets and expand their activities abroad. An opportunity not to be missed!"

**Tina Sommer, Chairman, EU & International Affairs,
Federation of Small Businesses**

Set-aside – removal of requirement under Single Payment Scheme

In 1993 the Arable Area Payments Scheme (AAPS) made it compulsory for all but the smallest farmers claiming under the scheme to set-aside a proportion of their land. The requirement was introduced to reduce the amount of agricultural land in arable production. This requirement was continued under the Single Payment Scheme.

The 2008 CAP Health Check saw the abolition of the compulsory set-aside requirements which meant that farmers can now make full use of their land and the process of applying for payment each year is simpler as the number of forms which some farmers need to complete has reduced. The removal of this regime has saved UK farmers £3.5 million per annum.



Engaging incoming European legislation

In January 2009, the Commission revised its guidelines for officials on impact assessments (analysis of the qualitative impacts of legislation). Based on its experience of better regulation initiatives at a national level, the former UK Government responded to the consultation and pushed for a number of improvements. These recommended that Commission consultations on complex proposals and those which are run during holiday periods should be extended beyond the minimum eight weeks, that impact assessments should be carried out for some secondary legislation (“comitology”); and that there is greater focus on quantifying costs and benefits.

The recommendations will inform the Commission’s smart regulation priorities report, due to be published this autumn.

Micro-businesses

Following the ‘Think Small First’ approach introduced by the Small Business Act for Europe published in 2008 (see page 47 for further details), the European Commission presented a simplification proposal to introduce a “micro entities” option for Member States. This option would enable Member States to exclude micro businesses from the application of the accounting (4th and 7th) Directives, thus opening the way for simplified accounting requirements for such entities.

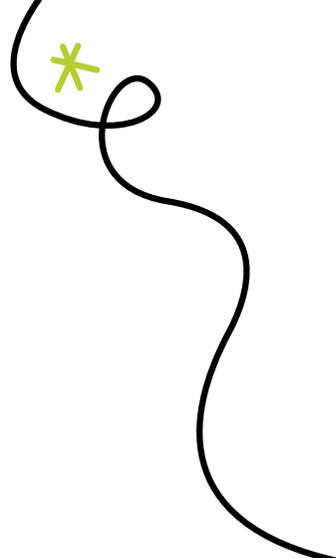
"I am committed to smart regulation, and I want to reiterate that simplification of procedures and a reduction of administrative burdens on business, particularly SMEs, will remain a priority in the next Commission. This task, just like the Impact Assessment Board and ex-post evaluation, will be placed directly under my authority to fully reflect the priority I give to it."

President of the European Commission, José Manuel Durão Barroso, 15 September 2009

SECTION 4

Annexes

- Annex A** Simplification measures delivered but yet to be implemented
- Annex B** External Validation Panel
May 2008-May 2010
- Annex C** The measurement process:
Standard Cost Model methodology
- Annex D** Baseline adjustments



Annex A

Simplification measures delivered but yet to be implemented

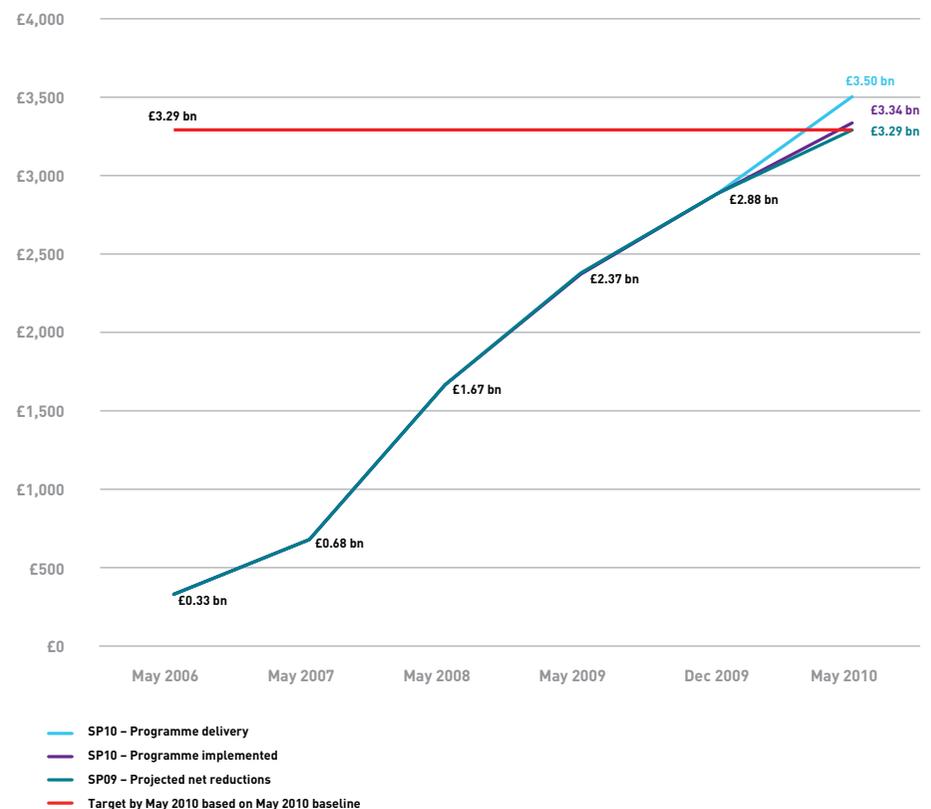
The five-year Administrative Burden Reduction Programme ended in May 2010, delivering a 26.62% reduction in the administrative burdens placed on business and the third sector.

£3,503.2m of net annual savings have been delivered, of which £3,336.1m have been implemented. A simplification measure is classed as 'delivered' if the legislative change had taken place before the end of the programme. It is considered 'implemented' once

business and the third sector are able to realise the benefits of the changes made.

This reduction has been achieved through the delivery of 304 simplification measures, of which 301²¹ have been implemented and are being felt on the ground by business and the third sector. Details of the three measures yet to be implemented can be found below.

FIGURE 11: Administrative Burden Reduction Programme – delivered and implemented values May 2010



21. Many simplification measures are an amalgamation of a number of smaller value measures associated with many Information Obligations.



The table below gives further details of the three measures which have been delivered but not yet implemented:

FIGURE 12

Department	Measure	Value delivered	Value implemented	Comments
DH	Care Quality Commission: Registration Scheme	£113m	£0m	Legislative change has taken place for this measure; however, it is yet to be implemented
DH	Electronic prescription services	£37.9m	£0.0	Yet to be fully implemented
Defra	Animal Welfare Code of Recommendation	£16m	£0	EU Directive to be implemented in June
Total	3 measures from 2 Departments	£167m	£0.0m	

Annex B

External Validation Panel May 2008-May 2010

The External Validation Panel was established in 2008 following recommendation from external stakeholders including the National Audit Office. External scrutiny was seen as essential to assess whether reported savings were being felt by business on the ground.

The remit of the External Validation Panel was to test the assumptions underpinning the reported administrative burden reductions, to ensure changes had been effectively communicated to business and

that business were actually benefiting from the savings claimed by departments.

The EVP provided a robust challenge and quality assurance role, and has included representatives from the Institute of Directors, the British Chambers of Commerce, Federation of Small Businesses, Trades Union Congress, Confederation of British Industry and the Engineering Employers Federation.

"The External Validation Panel has had a necessary and important role in scrutinising the simplification programmes of Government Departments, to ensure that they really are removing excessive regulatory requirements. The TUC welcomed being a member the Panel."

Sarah Veale, Trades Union Congress

"The Federation of Small Businesses was pleased to be asked to be part of the External Validation Panel as we feel that it is important that the logic behind the cuts to regulation are tested against the views of business. This scrutiny process is unique and worthwhile."

Sara Higham, Federation of Small Businesses

Summary of 2008 Validation

The EVP met for the first time in **2008**, choosing to scrutinise the top simplification measures government departments had implemented between May 2005 and May 2008. The BRE and departments were also made responsible for the scrutiny of smaller measures delivering more than £10million in annual savings.

FIGURE 13: Overview of EVP 2008

	Total gross figure (£m)
Delivery validated	£1,880.8m
Delivery withdrawn	£96.1m
Delivery deferred	£32.5m
Gross delivery May 2008	£2,165.4m

FIGURE 14: Total validated by EVP 2008

Total gross savings to May 2008	Validated gross savings May 2008	% of May 2008 delivery validated by EVP 2008
£2,165.4m	£1,880.8m	86.86%

22. This figure does not include two measures delivered by MoJ regarding Legal Aid Reforms worth a total of £27.55m which were incorrectly included in the BRE/departmental review total in the 2008 Summary Report. These measures were subsequently put forward to the EVP 2009 to ensure savings were effectively implemented and felt by businesses.

In 2008 the EVP asked Government to review the remaining 182 simplification measures (worth a total of £210.6m) to ensure they were credible. The Better Regulation Executive (BRE) and departments undertook this exercise for measures realising over £10m gross savings as at May 2008, which represented over 70% of the remaining measures delivering at that time.

FIGURE 15: Overview of BRE and departmental validation 2008

	No of measures	Total gross (£m)
Measures realising over £10m gross savings as at May 2008-validated by BRE/departments	7	£90.43m ²²

FIGURE 16: Result of EVP 2008 and BRE/departmental review

Total gross savings to May 2008	Gross May 2008 delivery validated by either EVP or BRE/departmental review	% of May 2008 delivery validated
£2,165.4m	£1,971.2m	91.03%



FIGURE 17: Measures fully validated by EVP 2008

Department	Simplification name	Value validated by EVP (May 2008)
BIS	Various employment guidance measures	£418m
CLG	Housing Act 1985 Repeal of Part XI	£207m
DCMS	Licensing Act 2003	£181m
HSF	Sensible risk management – example risk assessments	£163.3m
CLG	Competent Persons Schemes	£132m
BIS	Weights and Measures (Packaged Goods) regulations 1986	£129m
DH	BROMI + EU + Pharmaceutical	£104m
BIS	Electronic communication with shareholders	£76m
DCMS	Gambling Act 2006	£74m ²³
BIS	Capital Maintenance	£68m
DWP	Replace minimum funding requirement legislation	£64m
CLG	Fire Safety RRO	£53m
BIS	Remove requirement for private companies to hold AGM	£45m
DfT	Revision of the passenger rail franchise map, reducing the number of separate franchises	£30.5m

23. Previously quoted as £56.6m, increase is due to figure wrongly represented as a net figure. Adjustment agreed with EVP 2010.

Department	Simplification name	Value validated by EVP (May 2008)
FSA	Safer Food Better Business	£28.3m
HSE	Control of Asbestos Regulations	£27.7m
DWP	Improve pension regulations to make payments by employers less prescriptive	£24m
DWP	Simplify member-nominated trustee/director requirements	£22.5m
HSE	Workplace (Health, Safety and Welfare) Regulations – guidance on labelling drinking water	£17m
HSE	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)	£16.5m
SUBTOTAL		£1,880.8m



FIGURE 18: Measures withdrawn from EVP 2008 process

Department	Simplification name	Value claimed by dept as at May 2008
DEFRA	TSE Regulations 2006	£44.4m ²⁴
BIS	Other Companies Act measures including codification of directors' general duties	£28m
DEFRA	Pollution Prevention and Control	£23.7m ²⁴
	SUBTOTAL	£96.1m

"The External Validation Panel provides the opportunity to scrutinise the regulatory approach behind the numbers which are publicly presented. This not only keeps the pressure on officials to ensure that their methods are up to scratch, but also allows a better understanding of the interaction between Government and stakeholders."

Steve Hughes, British Chambers of Commerce

FIGURE 19: Measures deferred by EVP 2008

Department	Simplification name	Value rejected
HSE	Manual Handling Operations Regulations	£32.5m
	SUBTOTAL	£32.5m

25. Defra measures removed from EVP due to baseline adjustment.



FIGURE 20: BRE/departmental review 2008

Department	Simplification name	Gross savings as at May 2008
HSE	Sensible Risk Management – DSE and manual handling	£18.4m
Food SA	Production of UK Guidance Notes for Regulation (EC) 178/2002 (Traceability)	£15.6m
Food SA	Revocation: dairy products	£14m
CLG	Building Regulations: user centred guidance	£12m
DWP	Remove regulation requiring landlords to provide information for backdating housing benefit claims.	£11m
Food SA	Revocation: fresh meat	£11m
DH	Review of National Minimum standards for Adult Social Care-stage 1– reduction of inspection frequency and statutory measures	£8.43m ²⁵
MoJ	Legal Aid – Implementation of the Unified Contract	£0m ²⁶
DH	Better Regulation of Medicines Initiatives (BROMI) Phase 2 b)	£0m ²⁷
MoJ	Legal Aid Reforms-Civil Unified Contract (Removal of Not for Profit Contract)	£0m ²⁶
7 measures reviewed and validated from 5 Departments		£90.43m

25. Previously quoted as £28.3m, has only been part implemented.

26. Went before EVP 2009 on BRE's decision.

27. Has not been implemented in programme.

Summary of 2009 validation

In 2009, the EVP took a slightly different approach to increase the breadth of their scrutiny across the programme by making sure that each department delivering in the Administrative Burden Reduction Programme had been reviewed by the EVP, at least once, either in 2008 or in 2009.

FIGURE 21: Overview of EVP 2009

	Total gross (£m)
Delivery validated	£501.1m
Delivery withdrawn	£28.1m
Delivery to be claimed as delivered but unvalidated	£137.6m
Gross delivery May 2009	£3,177.16m

FIGURE 22: Total validation by EVP as at May 2009

	Total gross (£m)	% across the programme
May 2005 – May 2009 delivery scrutinised and validated by EVP 2008/2009	£2,381.9m	74.97%
Total May 2005 – May 2009 delivery validated by EVP or BRE/ Departmental review	£2,472.3m	77.8%



FIGURE 23: Measures fully validated by EVP 2009

Department	Simplification name	Value claimed by dept (May 2009)
BIS	Dispute resolution (Employment Law)	£115m
CLG	Delivering electronic capability a) Standard Planning Application Form	£35m
HSE	Manual Handling Operations Regulations	£32.5m
CLG	Delivering electronic capability b) Validity criteria	£25m
BIS	Simpler law for smaller firms (Company Law and Accounting)	£21.6m
DWP	Employers' Liability Compulsory Insurance certificates (Review) – Part 1	£21m
CLG	Fire Safety RRO	£21m
HSE	Forms Project (Removal of 8 forms required by the Factories Act, Offices, Shops and Railway Premises Act (OSR Act))	£21m
CLG	E-Enablement of Building Control Service	£20m
BIS	Simpler law for smaller firms (Company Law and Accounting)	£16.8m

Department	Simplification name	Value validated by EVP (May 2009)
MOJ	Legal Aid Reforms – implementation of the Civil Unified Contract (Removal of 3 data requirements from Not for Profit Contracts)	£15.6m
DfT	Drivers' Hours (3)	£15.4m
DfT	Introduction of digital tachographs	£14.4m
CLG	Delivering electronic capability c)E-planning	£14m
HSE	Health & Safety Information for Employees Regulations- the HSE law poster/approved leaflet	£10.7m
Defra	NetRegs	£10m
DCSF	Early years census	£9.8m
MOJ	Legal Aid- Implementation of the Unified Contract	£9.4m
ONS	Reduction to sample sizes for a number of surveys	£3.3m
FC	Plant health	£0.34m
SUBTOTAL		£431.84m



FIGURE 24: Measures partially validated by EVP 2009

Department	Simplification name	Value claimed by department (May 2009)	Value validated by EVP (May 2009)
HO	Points Based System (PBS) for Work Permits	£25m	£59.56m ²⁸
DfT	Introduction of Electronic Vehicle Licensing (EVL)	£10.7m	£9.6m
SUBTOTAL		£35.7m	£69.16m

FIGURE 25: Measures for which savings can be reported as delivered but unvalidated²⁹ [Continues on the next page]

Department	Simplification name	Value claimed by department (£m)	Savings which can be claimed but as unvalidated
CLG	Householder Development Consents Review (HDCR)	£45m	£6.3m ³⁰
DWP	Employers' Liability Compulsory Insurance certificates (Review) – Part 2	£37m	£37m
HSE	Good practice on worker involvement	£36.6m	£36.6m
HSE	Lifting Operations & Lifting Equipment Regulations and Provision & Use of Work equipment Regulations	£33m	£33m

28. Previously quoted as £25m, increase is due to figure wrongly represented as a net figure. Adjustment agreed by EVP 2010.

29. All measures apart from Charity Commission went before EVP 2010.

30. EVP 2009 felt it was too early to validate savings for this measure. BRE subsequently agreed CLG's reporting of £15 million minimum saving as at May 2009.



Department	Simplification name	Value claimed by department (£m)	Savings which can be claimed but as unvalidated
Defra	Common Agricultural Policy Single Payment and Support Schemes Regulations 2005	£21.2m	£21.2m
Charity Commission	Trustees Annual Report (i) Changes to Registration threshold in 2006 Act, (ii) Increase in Audit threshold in 2006 Act	£2.4m	£2.4m
SUBTOTAL		£175.2m	£136.5m

FIGURE 26: Measures withdrawn from EVP 2009 process

Department	Simplification name	Value withdrawn
DfE (former DCSF)	Independent Schools: 10 information obligations (package)	£18.1m
Defra	Animal Welfare Code of Recommendations	£10m
SUBTOTAL		£28.1m

Summary of 2010 validation

The EVP sat for the final time in June 2010, choosing to scrutinise simplification measures which were delivering over £10m or more than, additional £10m since previous validation over the lifetime of the programme. The EVP also chose to scrutinise savings from Charity Commission and DECC, whilst these departments have not delivered any measures over £10m, it was felt that they should have a measure scrutinised to ensure transparency.

FIGURE 27: EVP 2010 validation and total Programme validation



31. This total value includes measures initially selected by EVP which were withdrawn during the scrutiny process (MoJ- Legal Aid (£20.18m) and CLG- Improving the planning system for nationally significant infrastructure (£19.5m).

FIGURE 28: Scope of EVP 2010

	Total gross (£m)	Total gross (£m)	Number of departments
Any existing or new simplification measures with annual savings of over £10m which had not yet been validated by the Panel	38	£1,592.7m	11
The largest simplification measures for each department or agency with no simplification measures over £10m that has not previously had measures validated	2	£4.0m	2
Total Reviewed by EVP 2010	40	£1,596.7m ³¹	13

FIGURE 29: Overview of EVP 2010

	Total gross figure (£m)
Delivery validated	£1,303.56m
Delivery withdrawn	£39.68m
Delivery to be claimed as delivered but unvalidated	£27.0
Total gross delivery May 2010	£4465.9m

FIGURE 30: Total Programme validation at May 2010

	Total gross (£m)	% across the programme
May 2005 – May 2010 delivery scrutinised and validated by EVP across the programme	£3,685.43m	82.52%
Total May 2005 – May 2010 delivery validated by EVP or BRE/departmental review	£3,775.8m	84.55%

FIGURE 31: Measures fully validated by EVP 2010 (Continues on the next page)

Department	Simplification name	Value claimed May 2010
BIS	Business to Consumer Advertising and Market Rules	£309m
BIS	Electronic Communication with Shareholders	£106m
HSE	Sensible Risk Management – Example Risk Assessments	£71.7m
CLG	Householder Development Consent Review Form	£66m
HSE	Gas Safety (Installation and Use) Regulations	£60m
CLG	Streamlining information requests for planning applications	£58m
Food SA	Feed hygiene	£44m
HSE	Good Practise on Worker Involvement	£36.6m
CLG	Standard Planning Application Forms	£35.7m
HSE	Lifting Operations and Lifting Equipment Regulations	£33m
DfE	Early Years and Day Care Settings: Code of Practise	£30.8m
BIS	Other Companies Act	£29m
HSE	Electronic risk assessment template	£27m



Department	Simplification name	Value claimed May 2010
CLG	Improving Permitted Development	£26.8m
Defra	Common Agricultural Policy Single Payment and Support Schemes Regulations 2005	£26.5m ³²
DH	BROMI Variations: Europe	£26.5m
HSE	The Written Health and Safety Policy	£25.5m
CLG	E-Planning	£25.03m
Defra	NetRegs	£22m
CLG	Greater flexibility for planning permissions	£18.6m
CLG	E-enabling of Building Control Services	£18m
DfE (former DCSF)	Independent Schools	£16.3m
BIS	Dispute resolution	£15m
BIS	Insolvency advertising	£14m
DfT	Reform of the ATOL Bonding Scheme	£12.5m
DfT	Electronic insurance certificates	£12m

32. Defra is claiming additional savings of £56.5m for this measure following additional evidence from an independent survey which reported findings in July 2010. These additional savings are classed as unvalidated.

Department	Simplification name	Value claimed May 2010
DH	BROMI: Name changes	£12m
HSE	Control Of Substances Hazardous to Health	£11.1m
CLG	Small Business Rate Relief Amendments Simplification	£11m
CC	Increased threshold for the preparation of accruals accounts	£3.6m
DECC	Reform of Renewable Obligation Order 2006	£0.4m
31 Measures from 10 Departments		£1,203.13m



FIGURE 32: Measures partially validated by EVP 2010

Department	Simplification name	Value claimed by department May 2010	Value validated May 2010	Value to be claimed as delivered but unvalidated May 2010
DfT	Introduction of Digital Tachographs	£10.4m	£8.43m	£1.97m
HMT	Better Regulation for the Asset Management Sector- Paperless Settlement	£115m	£92m	£23m
2 Measures from 2 Departments		£125.4m	£100.43m	£24.97m

FIGURE 33: Measures which can be reported as delivered but unvalidated

Department	Simplification name	Value delivered but unvalidated (May 2010)
DH	CQC	£113m
DH	Electronic prescription services	£37.9m
Defra	Animal Welfare Code of Recommendation	£16m
3 Measures from 2 Departments		£167m



FIGURE 34: Measures which can be reported as implemented but unvalidated

Department	Simplification name	Value implemented but unvalidated (June 2010)
DWP	Employers' Liability Compulsory Insurance Certificates Regulation	£37m
BIS	Modernisation of Insolvency Legislation ³³	£24.4m
	2 Measures from 2 Departments	£61.4m

FIGURE 35: Measures withdrawn from EVP

Department	Simplification name	Value claimed by department (June 2010)
MOJ	Legal Aid	£20.18m
CLG	Improving the planning system for nationally significant infrastructure	£19.5m
Total:	2 Measures from 2 Departments	£39.68m

33. Measure was implemented in April 2010. Although panel welcomed this measure, they felt that it was too early to validate the associated savings.

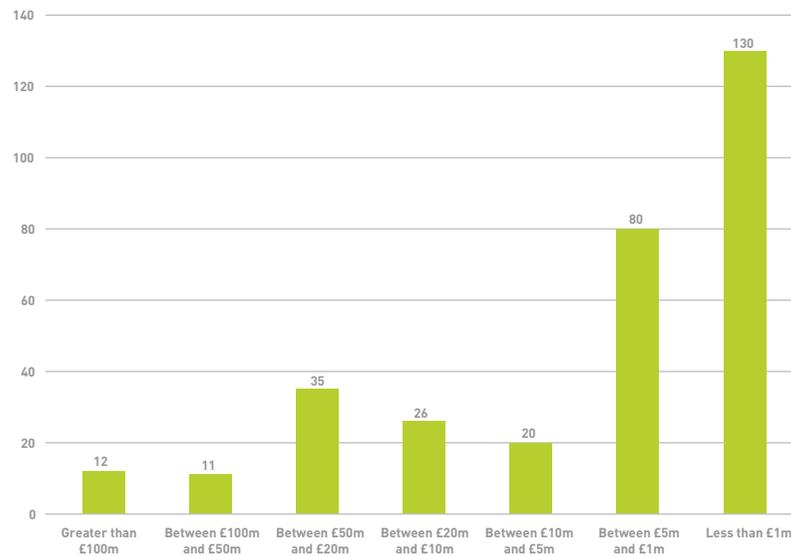


Overall Programme Validation

Over three years the External Validation Panel has independently validated over £3.77bn, representing over 87% of gross implemented savings. In the preceding pages are details of the 73 measures that were validated by the EVP following thorough scrutiny. This represents nearly 25% of the 304 simplifications delivered within the programme; while the EVP was unable to scrutinise all simplifications, the following analysis illustrates how, by focusing on those measures delivering the largest savings each year, the EVP was able to validate a significant proportion of total delivery.

The following graph illustrates the distribution of measures by value in the programme.

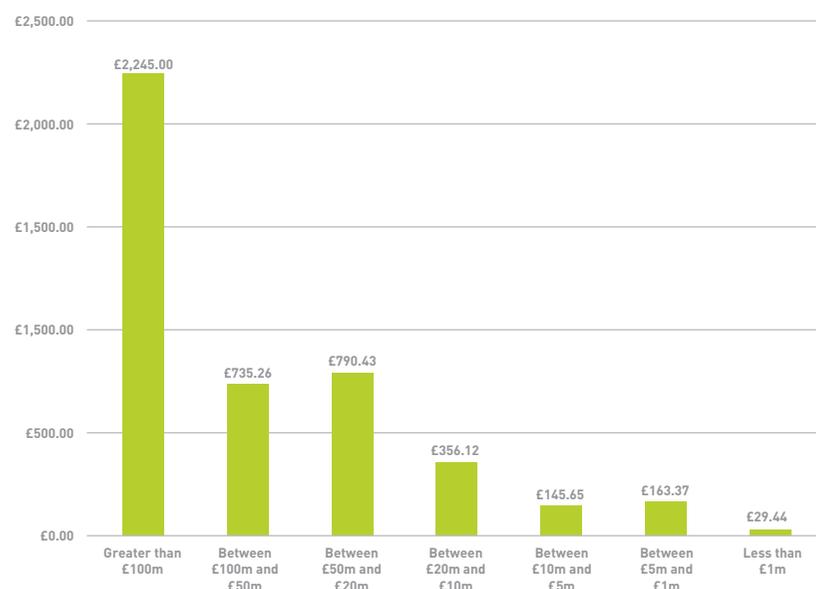
FIGURE 36: Distribution of the quantity of measures by their value in the programme.



Over two-thirds of the simplification measures included in the programme have a value of less than £5m, with over three-quarters realising gross savings of less than £10m per annum. The graph below illustrates that the value of these small measures is less than 8% of the programme's total gross delivery. Around a tenth of these small measures (~0.8% of the programme overall) has also been validated by the EVP, in order to ensure that even departments delivering measures too small to fall into the EVP's normal criteria for scrutiny took part in validation process at least once during the course of the programme.



FIGURE 37: Number of measures by value delivered in the Administrative Burden Reduction Programme



The comparatively small number of measures, 84, delivering more than £10m represent over 92% of the Programme's total gross delivery. All measures in scope have been through the EVP process, with nearly 85% of total programme delivery validated.

8% of total Programme delivery has gone through the validation process but has not been formally validated by the EVP. The primary reason for this is that the EVP did not feel they could validate savings which had been delivered shortly before the end of the programme, before business had had the opportunity to feel these savings on the ground.

Whilst the EVP were unable to scrutinise all simplification measures delivered during the programme, their scrutiny of all measures delivering savings of more than £10m ensured that the EVP scrutinised all the measures which are having the greatest effect on business and the third sector.

Annex C

The measurement process: Standard Cost Model methodology

The measurement of administrative burdens was a substantial and complex undertaking involving departments and regulators across government, co-ordinated by the Better Regulation Executive. The original measurement was carried out between May 2005 and May 2006 and the results form the administrative burdens baseline as of May 2005. It was against this baseline that each participating organisation agreed to a net administrative burden reduction target of 25%, to be achieved by 2010 (except for Cabinet Office, who chose a 35% target).

There were two key stages to reaching the original administrative burdens baseline:

- the initial measurement of administrative costs; and
- calculating from the initial measurement the administrative burden by applying a business as usual adjustment.

Stage 1 Measurement

Administrative costs are the annual recurring costs of administrative activities that businesses and the third sector are required to perform, in order to comply with the obligations that are imposed through central government regulation. These include, for example, form filling, keeping records or responding to information requests.

The measurement of administrative costs of regulation impacting business and charities was undertaken using the Standard Cost Model methodology, as recommended by the Better Regulation Task Force. The Standard Cost Model

methodology does not set out to achieve a statistically robust estimate of administrative costs, as this requires a huge sample size, incurring disproportionate expense.

Instead, it provides a systematic approach to measurement that provides indicative data on the administrative costs of regulation. International experience has shown this approach to be valuable in understanding the regulatory landscape and focusing simplification activity. The Standard Cost Model methodology breaks down regulations into a range of manageable components. This enables the systematic measurement of the cost of

regulation across government through extensive interviews and focus groups with individual businesses, third sector organisations.

These components are called obligations. An obligation is the specific requirement that must be undertaken in order to comply with a regulation.

All central government regulations were mapped. The responsible government department and the origin of the regulation were then identified, the required obligations defined, and the costs measured.

The Standard Cost Model calculates the administrative costs arising from a regulation by measuring four key factors:

- how long it takes to comply with the obligation (**Time**);
- the wage rate of the person who undertakes this (**Wage Rate**);
- how many organisations carry out the obligation (**Population**); and
- how frequently (each year) the obligation is carried out (**Frequency**).

Multiplying the **Time** and **Wage Rate** provides the **Unit Cost** of the obligation. Multiplying the **Population** and **Frequency** provides the **Quantity**. The **Unit Cost** and the **Quantity** are then multiplied to establish the **Administrative Cost**. This has been illustrated below:

Figure 38: Standard Cost Model formula

Unit cost*	x	Quantity
(Time x Wage Rate)	x	(Population x Frequency)

* including external costs

The Unit Cost also includes any overheads or external goods or services required in order to comply with the obligation within the regulation.

The cost, quantity, population and frequency elements of the calculation were estimated using input from businesses or business associations.

This was done through extensive face-to-face interviews, telephone interviews, expert panels, virtual panels and assessment with consistent validation through Monitoring Groups consisting of key stakeholders to advise and challenge the results. Government departments commissioned PricewaterhouseCoopers to carry out this measurement, which involved over 8,500 interviews and over 200 expert panels. All of the regulation that was in force as of May 2005 represented the original administrative burden baseline.

Departments have continued to measure the administrative burden of regulations introduced since May 2005 using the same approaches outlined above in order to report progress on their net reduction targets. This year's plans reflect the administrative burden of any regulations introduced between June 2005 and May 2010.

Stage 2 Adjusting for 'Business as Usual'

Once the measurement exercise had established the administrative costs of regulation, the Government applied a pragmatic and credible process to estimate the percentage of the total administrative costs that consist of activities that business would do anyway. This is termed the business as usual cost. Subtracting the business as usual cost from the total administrative cost estimate gives an estimate of the administrative burden.

The administrative burden is defined as the costs of administrative activities over and above those a business would choose to do in the absence of the regulation. The business as usual approach is about focusing government's reduction effort on the burdens that are of real concern to business. There is little benefit to business from simplifying activities that business has indicated they would choose to undertake even if the regulation did not exist.

The process to estimate suitable business as usual adjustments was carried out with the full support and assistance of the business and voluntary communities. An independent panel agreed the business as usual process and methodology and determined what activity business would do in the absence of regulation. Data from the measurement exercise was used as a basis to calculate indicative

estimates for this activity for all information obligations. The panel then considered and challenged data for the information obligations that made up 70% of the total administrative cost.

Annex D

Baseline adjustments

The measurement of administrative burdens was carried out from May 2005 and completed in May 2006 and the results form the administrative burden baseline as of May 2005. It was against this baseline that each participating department, regulator or agency involved in this programme agreed to a net administrative burden reduction target of 25% to be achieved by May 2010.

There have been a number of baseline changes since May 2005. Baseline adjustments are approved if there is overwhelming evidence that a significant error has been made.

Baseline adjustments are carried out to:

- Reflect any Machinery of Government changes that could lead to individual regulations transferring between departments.

- Correct any errors made by the initial measurement exercise. Examples of technical adjustments include:
 - Population over- or under-estimates;
 - Areas of administrative burden which were captured or not captured in error; and,
 - Areas where external cost estimates were too high.

2010 Baseline adjustments³⁴

The departments for which baseline adjustments have been made in 2010 are outlined below:

FIGURE 39: Technical and Machinery of Government changes

Department	Baseline at December 2009	Machinery of Government changes	Technical adjustments	Baseline at May 2010
BIS	£4,489.0m		+ £52m [1]	£4,541.0m
DECC	£76.97m		- £32m [2]	£45.1m

1. BIS made a baseline adjustment adding a total of £52m relating to associated with an information obligation missed in the original measurement exercise and with modernisation and consolidation of the Insolvency Rules 1986.

2. DECC made a baseline adjustment removing a total of £32m relating to serving written notice on the occupier of a premise when an electricity meter is to be installed or removed.

34. Baseline Adjustments from previous years are recorded in prior Summary Documents.



FIGURE 40: 2010 Departmental baseline and target

Department	Baseline (£m)	Target (£m)	Target (%)	% Total baseline
BIS	£4,541.0	£1,135.3	25.0%	34.51%
CLG	£2,486.5	£621.6	25.0%	18.89%
HSE	£2,022.5	£505.6	25.0%	15.37%
DH	£1,201.9	£300.5	25.0%	9.13%
DfT	£585.0	£146.3	25.0%	4.45%
DWP	£471.0	£117.8	25.0%	3.58%
DEFRA	£458.2	£114.6	25.0%	3.48%
MOJ	£356.0	£89.0	25.0%	2.71%
DCMS	£343.2	£85.8	25.0%	2.61%
DfE	£209.7	£52.4	25.0%	1.59%
HM Treasury	£158.9	£39.7	25.0%	1.21%
Food SA	£90.5	£22.6	25.0%	0.69%
Home Office	£83.0	£20.8	25.0%	0.63%
ONS	£48.7	£9.3 ³⁵	19.0%	0.37%
Charity Commission	£36.6	£9.2	25.0%	0.28%
Cabinet Office	£15.4	£5.4	35.0%	0.12%
GEO	£5.7	£1.4	25.0%	0.04%
Forestry Commission	£1.46	£0.4	25.0%	0.01%
DECC	£45.1	£11.3 ³⁶	N/A	0.34%
Total	£13,160.4	£3,291.6³⁷	25%	100%

35. Original 25% reduction target was planned for 2015, 19% reduction was interim for May 2010.

36. 25% of baseline indicated for completeness; no simplification target was set for DECC due to its late inclusion in the Programme (October 2008).

37. Target delivery represents 25% reduction cross-Government.



Department for Business, Innovation & Skills.
www.bis.gov.uk
First published July 2010.

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