 Regulatory Policy Committee	Validation of the One-in, Two-out Status and the Net Direct Impact on Business	
Validation Impact Assessment (IA)	Primary Authority – extending the range of regulations covered to include fire safety and age-restricted sales of alcohol	
Lead Department/Agency	Department for Business, Innovation and Skills	
IA Number	BIS BRDO001	
Origin	Domestic	
Expected date of implementation (and SNR number)	6 April 2014 (SNR7)	
Date of Regulatory Triage Confirmation	8/10/2013	
Date submitted to RPC	31/10/2013	
Date of RPC validation	11/12/2013	
RPC reference	RPC13-FT-BIS-1911(2)	
Departmental assessment		
One-in, Two-out status	OUT	
Estimate of the equivalent annual net cost to business (EANCB)	- £13.61 million	
RPC assessment	VALIDATED	
Background (extracted from IA)		
What is the problem under consideration? Why is government intervention necessary?		
<p>Businesses have identified inconsistency in the delivery of regulation across local authority areas (e.g. differences in interpretation of the law and attitudes to advice and enforcement). Primary Authority, backed by statute, addresses this problem by allowing businesses to form partnerships with local authorities to provide them with access to assured advice on compliance in relation to a range of regulations. The scheme has been successful and has received positive feedback from those involved. The extension of the scheme to cover fire safety regulations and age-restricted sale of alcohol is of interest to business and complements existing categories within the scheme.</p> <p>Government intervention is needed to extend the statute to cover these additional regulations, which will reduce the burden on business in these regulatory areas. Making Primary Authority widely available to businesses is one means of delivering the Government's commitment to end the 'culture of tick box regulation' because partnerships focus on increasing the provision of advice to business.</p>		
What are the policy objectives and the intended effects?		
<p>The policy objectives are to address inconsistency in the local enforcement of regulations currently out of scope of the existing scheme. This will mean a further reduction of regulatory burden on businesses, ensuring that the scheme delivers all of its potential benefits by incorporating a wider range of regulatory areas. The extension of the scheme to cover the age-restricted sale of alcohol and fire safety regulations is applicable to England and Wales.</p>		

RPC comments

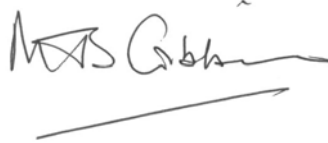
The IA uses data from existing Primary Authority partnerships to estimate the costs and benefits from this proposed extension of the scheme. The benefits to business come from the avoidance of losses (e.g. wasted stock or planning time) resulting from contradictory advice by different local authorities. Based upon consultation with businesses and evaluation of the Primary Authority scheme to date, this is estimated to save each business £25,000 per year.

The number of businesses entering into new partnerships is estimated to be 187; the number of businesses in existing partnerships expanding to cover these additional regulations is estimated to be between 503 and 1005 (with the mid-point effectively as the basis for the estimates relating to the EANCB figures). Extension of the scheme to cover fire safety regulations accounts for -£11.29 million, and age-restricted sales of alcohol accounts for -£2.31 million, of the total EANCB figure of -£13.61 million.

The proposals also provide, for the first time, for a widening of the Primary Authority scheme beyond single businesses. These “co-ordinated primary authority partnerships” are open to businesses that are part of a group of businesses, such as franchises and trade associations, enabling many more businesses, particularly small businesses, to benefit from the scheme. It is important that evidence from the operation of these is used to inform the assessment of any future extensions.

The low and high NPV figures use the high cost/low benefit and low cost/high benefit estimates, respectively. As the reason for the low and high estimates is the estimated range for the number of partnerships, this is inappropriate. The IA should be amended before publication to reflect the more consistent approach of using either low or high estimates for both costs and benefits. This does not affect the EANCB figure which is determined by the ‘best estimates’.

Signed



Michael Gibbons, Chairman