

Title: Enterprise & Regulatory Reform (ERR) Bill IA No: BIS 0352 Lead department or agency: Department for Business Innovation and Skills (BIS) Other departments or agencies:	Impact Assessment (IA)
	Date: 9.10.12
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Primary legislation
	Contact for enquiries: Richard Crowton - 0207 215 6580
Summary: Intervention and Options	RPC Opinion: See each IA

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, One-Out? Measure qualifies as One-Out?
£1255m	£340m	-£28.5m	YES OUT

What is the problem under consideration? Why is government intervention necessary?

This Bill enables twenty one sets of complementary regulation to take effect and promotes investment via the UK GIB. The rationales and impacts of each of these areas are assessed/quantified and reported in the accompanying specific Impact Assessments.

The cumulative net quantified effects of these intervention areas are summed above.

What are the policy objectives and the intended effects?

The UK Green Investment Bank proposals seek to support the UK's transition to a green economy by targeting policy and market failures/barriers manifesting in financial markets and constraining the supply of finance in green infrastructure and late stage innovation.

The Resolving Workplace Disputes proposals seek to improve business confidence in hiring staff, and in particular to: support and encourage parties to resolve disputes earlier, and where possible in the workplace and ensure that where parties do use the employment tribunal cases are dealt with swiftly/efficiently to reduce the costs for all.

The Rapid Resolution Service intervention seeks to complement the wider changes being undertaken to the employment tribunal system. It is aimed at increasing efficiency with cases being dealt with more swiftly/effectively by introducing a process allowing disputes to be decided without significant legal fees or attending a hearing as appropriate.

The Competition Regime for Growth proposals are looking to improve the robustness of decisions and strengthen the regime; support the competition authorities in taking forward the right cases; and to improve speed and predictability for business.

The Removal of TV Licence Notification Requirement for Retailers seeks to repeal out-of-date regulations and remove unnecessary burdens on retailers.

The Heritage related proposals seek to reduce regulatory burdens by scrapping Conservation Area Consent and by improving the operation of other heritage consent regimes. To enable the legal protection and better management of some nationally/internationally important sites of early human activity. To remove regulation relating to the erection of statues in central London, and to the

management by English Heritage of Osborne House on the Isle of Wight.

Repeal of the 'Early Discharge from Bankruptcy' provisions aim to reduce the financial and administrative burdens early discharge imposes on business, The Insolvency Service, HM Revenue and Customs and HM Courts and Tribunals Service.

The extension of the Primary Authority scheme wishes to further address inconsistency in the local level enforcement of regulation by further reducing the inspection burden on businesses via strengthening inspection plans and extending eligibility criteria to cover a wider range of businesses.

The Shareholder Votes on Directors' Remuneration proposals seek to equip shareholders with the enhanced tools they need to challenge companies on Directors' pay.

The Repeal of Copyright Protection for Designs, S52 is designed to allow copyright for the life of the creator plus 70 years rather than 25 years to apply for artistic works which are manufactured on an industrial scale.

The Repeal of the Water Retail In-Area Trading Ban is aimed at reducing the barriers to retail competition. It is part of a wider suite of measures as explained in the Defra IA.

The Reform of the Equality and Human Rights Commission is required to remove vague, unnecessary and obsolete provisions in order to clarify EHRC's remit.

The Facilitating Settlement Agreements makes it easier for employers/employees to have open discussions where the relationship is not working out, without this being used against them in any tribunal claim.

Orphan Works aims to create a system where people interested in using these for commercial or non-commercial purposes can obtain permissions lawfully in the UK, following a diligent search, and by paying appropriate licence fees up-front.

Extended Collective Licensing's objective is to streamline licensing procedures so that rights clearance can be cheaper and more efficient than at present.

Codes of Conduct (Collecting Societies) seek to improve the efficiency, governance and accountability of collecting societies to benefit members, licensees and potential ones.

Amending the Estate Agents Act to restrict its scope to exempt low risk activities and repeal the Property Misdescriptions Act should help reduce the costs of compliance for a "passive intermediary" business and remove any perception of illegal trading from such businesses.

The Reform of the process by which debtors apply for bankruptcy is intended to relieve the courts of a function that is essentially procedural in nature, whilst introducing a more efficient admin process leading to savings for Government, individuals and business.

The Review of Third Party Harassment Provisions seeks to reduce any regulatory burden on employers that the third party harassment provisions may impose.

The Review (s138) of the Equality Act 2010 and the need for the obtaining information Question and Answer Forms seeks to reduce any regulatory burden on employers that may be imposed as a result of the power to prescribe certain forms.

The Strict Liability in Health and Safety at Work Legislation seeks to address unfairness to employers found liable to pay damages despite having reasonably protected staff.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Please consult the twenty one accompanying specific Impact Assessments for full option appraisal of each strand to the Bill.

The cumulative net present values presented here pertain to the estimated impacts of applying the preferred policy option(s) in each of these twenty one areas as stated in their Impact Assessments.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date** May 2017

Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: See GIB IA	Non-traded: See GIB IA	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Option 1 - Deliver the Chosen/Preferred Policy Options Outlined in the Sixteen Accompanying Specific Impact Assessments.

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2012	Time Period Years 19	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: £1255m
Description and scale of key monetised costs/benefits					
The UK Green Investment Bank proposals: Total Net Benefit 100m; Business Net Benefit N/A					
The Resolving Workplace Disputes proposals: Total Net Benefit 466m; Business Net Benefit 148.4m					
The Competition Regime for Growth proposals: Total Net Benefit 11.4m; Business Net Cost 12.8m					
The extension of the Primary Authority scheme: Total Net Benefit 282.6m; Business Net Benefit 134m					
The Removal of TV Licence Notification Requirement for Retailers: Total Net Cost 143.5m; Business Net Benefit 28.1m					
The Heritage related proposals: Total Net Benefit 0.6m; Business Net Benefit 0.3m					
Repeal of the 'Early Discharge from Bankruptcy' provisions: Total Net Benefit 23.7m; Business Net Benefit 5.7m					
The Reform of the Equality and Human Rights Commission: Total Net Cost zero; Business Net Benefit zero					
Orphan Works: Total Net Benefit 417m; Business Net Benefit 34m					
Extended Collective Licensing: Total Net Cost 0.09m; Business Net Cost 0.09m					
Codes of Conduct (Collecting Societies): Total Net Cost 2.75m; Business Net Cost 2.75m					
The Amending the Estate Agents Act: Total Net Benefit 0m; Business Net Benefit 0m					
Reform of the Debtors Bankruptcy Application Process: Total Net Benefit 98.1m; Business Net Benefit N/A					
The Review of Third Party Harassment Provisions: Total Net Benefit 3.1m; Business Net Cost 2.8m					
The Review (s138) of the Equality Act 2010: Total Net Benefit 12.5m; Business Net Benefit 7.4m					

Other key non-monetised costs/benefits

The £100m total net benefit estimated for the UK Green Investment Bank will be significantly accounted for by environmental benefits. However, the UK GIB is also expected to provide a range of business-related benefits. The UK GIB IA provides details.

The Rapid Resolution Service should yield Exchequer savings by handling some employment tribunal claims more efficiently. Claimants and employers should benefit through time and legal cost savings.

The extension of the Primary Authority scheme's total net benefit of £282.6m and business net benefit of £134m captures both the proposals this Bill allows to go forward as well as the covering of additional regulations currently out of scope, which will be delivered via other legislation. It is currently not possible to net out the benefits of this further coverage, so the gross effect is reported here.

The relevant costs and benefits of the Shareholder Votes on Directors' Remuneration proposals are not currently monetisable. However, the benefits to business and shareholders as a result of pay schemes being better designed and more closely aligned with performance are considered to be significant.

By repealing Section 52 of Copyright Protection for Designs, manufacturers and distributors of some design classics will be able to stop the manufacture, distribution and sale of replicas.

The retail competition benefits of the Repeal of the Water Retail In-Area Trading Ban are not explicitly monetised here; they form part of the wider water licensing regime reform benefits explained in the Defra IA.

Under the Facilitating Settlement Agreements, for employers there are the administrative and legal advice costs of using settlement agreements (if they decide to do so) and the benefits of increased certainty and reduced risk around using settlement agreements. Employees may face some legal advice costs but with a slightly higher chance of leaving a job under a settlement agreement, and as a result with a pay-off and an employment reference. There are also more opportunities to initiate an agreement.

The Strict Liability in Health and Safety at Work Legislation seeks to drive costs and benefits not currently quantifiable relating to unfairness to employers found liable to pay damages despite having taken all reasonable steps to protect staff.

Key assumptions/sensitivities/risks (%)	Discount rate	3.5%
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BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: £81.6m	Benefits: £110.1m	Net: -£28.5m	Yes	Out

Evidence Base (for summary sheets)

Problem under consideration and rationale for intervention

Please consult the twenty one accompanying specific Impact Assessments for full intervention rationale, option appraisal, cost-benefit analysis, equalities impacts and evidence base discussion.