Small Business, Enterprise and Employment Act: Regulatory Reform fact sheets

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Streamlined Company Registration

Aims of the measure:

- Commit the government to create a streamlined process for businesses to incorporate and complete their tax registration for Corporation Tax, PAYE and VAT.
- Make the UK an easier place to set up a company and, in doing so, meet a Government priority of reducing unnecessary burdens on business.

Measure will:

- Commit the government to delivering a streamlined company registration process, making it easier for persons setting up a company to fulfil their legal obligations by ensuring that they can provide, once and in digital form, all of the information required by Companies House and HMRC to incorporate a company and to register it for tax purposes to begin trading.

- Set a clear target for Government to deliver a solution streamlined process by 31 May 2017 and provide Parliament with regular updates on progress towards achieving that objective. At the end of that reporting period include options on how the solution might be extended to other information delivery processes.

Specific outcomes and impacts:

- Deliver by May 2017, a streamlined process to incorporate a company and for that company to register for Corporation Tax, VAT and PAYE

- Report annually to Parliament on progress made towards achieving the target and, in the final report due in March 2017, include options on how the solution might be extended to other information delivery processes.
### Review of business appeals procedures

#### Aims of the measure:

- Ensuring that the complaints and appeals procedures in non-economic regulators are user-friendly for businesses.
- To give businesses a clear and easy pathway to challenge decisions from non-economic regulators when they believe they have reason to do so.
- To address evidence from the Government’s Focus on Enforcement Reviews and supplementary research which showed widespread inadequacy in the provision of appeals and complaints mechanisms by national non-economic regulators – including an absence of transparent, effective procedures and poor explanation and signposting. Intervention should correct this failure and reduce the risk that poor enforcement decisions are left standing because of businesses – and particularly small businesses’ – inability to challenge them effectively.

#### Measure will:

- Lead to the appointment of a Small Business Appeals Champion to each non-economic regulator in scope that will provide assurance to businesses and Government that regulators are delivering against the goals relating to appeals and complaints set out in the new statutory Regulators’ Code¹.
- Help ensure that appeals and complaints processes and procedures are user-friendly, accessible, fair – and work for business.
- Drive greater efficiency, accountability and transparency in the interaction between regulators and those they regulate.

#### Specific outcomes and impacts:

- Simpler, more effective, more transparent, less costly and better understood series of processes by which businesses are able to challenge regulators’ decisions and behaviour.

Aims of the measure:

- To improve the scrutiny of complaints handling procedures within the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA) and the Bank of England (“the regulators”) in a cost effective way.
- The measure delivers on the Government’s commitment to introduce provisions applying to the financial services regulators which complement the small business appeals champion policy.

Measure will:

- Require the financial services Independent Complaints Commissioner (ICC) to produce an annual report on its investigations.
- The report will be required to describe any general trends emerging from the ICC’s investigations into complaints against the regulators. It must also include an assessment of the regulators’ procedures for handling complaints which have been referred to the ICC and an assessment of whether those procedures were accessible and fair to different categories of complainant.
- Each regulator must respond to any recommendations or criticisms relating to it in the report. Copies of the report and any response will be laid in Parliament by the Treasury.

Specific outcomes and impacts:

- The new reporting requirement will improve the transparency of complaints handling within the regulators and the quality of scrutiny of that complaints handling.
### Business impact target

#### Aims of the measure:

- To entrench in law the setting of a deregulation target – similar to the “One-in, Two-out” approach – and transparent reporting of new regulatory burdens on business.

#### Measure will:

- Ensure transparent reporting of the burdens on business arising from new regulations.
- Give confidence to businesses and Parliament that the government’s assessment of deregulatory performance is robust and economically sound.
- Provide assurance to businesses that future governments will continue to focus on deregulation and reducing regulatory burdens.

#### Specific outcomes and impacts:

- To require the publication of an overall target for the economic impact of new legislation for each Parliamentary term, as well as a mid-point milestone target.
- Require the publication of number of annual reports and a final report on performance against the agreed target. The reports will be laid before Parliament.
- To require an assessment of the actions taken by departments to mitigate the impacts of new regulations on small businesses as part of the annual and final reports.
- To require an assessment of the instances of ‘gold plating’ as part of the annual and final reports.
- Strengthen the accountability of individual departments for their regulatory performance by including detail on departmental performance in the annual report.
- Provide for the independent scrutiny of the economic impact estimates used in the government’s assessment of their performance against the target, giving confidence to Parliament and others that reporting is based on figures that are accurate and robust.
Secondary legislation: duty to review

Aims of the measure:

- To ensure that all new regulations affecting business are reviewed regularly.
- To ensure that regulations are effective and necessary and that businesses are not subject to unnecessary burdens.

Measure will:

- Provide assurance to businesses that all new regulations will be subject to a regular review.
- Increase the proportion of new measures that are subject to statutory requirements for review.

Specific outcomes and impacts:

- New secondary legislation made by Ministers that regulates business and/or civil society organisations will be subject to a legal requirement for a review to be carried out, unless a review is not appropriate.
- A report must be published setting out the conclusions of the review within five years of the regulations coming into force.
- The report will assess the extent to which the original objectives have been achieved, whether those objectives remain appropriate, and (if so) whether they could be achieved in a less burdensome way.
- After the initial review, all legislation will be reviewed on a five year cycle thereafter to make sure that they continue to be necessary and effective.
Definition of small and micro business

Aims of the measures:

- To create statutory definitions for the terms “small business” and “micro business”

Measure will:

- Establish a statutory definition of small and micro-business for use in secondary legislation where it is necessary to exempt smaller businesses in order to mitigate disproportionate burdens.

Specific outcomes and impacts:

- To enable greater use of legislative exemptions for smaller businesses by providing a clear legislative definition, which can be referenced by other domestic legislation that regulates business.

- To ensure consistency with definitions used in EU-derived regulations that contain exemptions and the established definition contained in EU Commission Recommendation 2003/361/EC, which is already widely used in the UK.
Supporting Home Businesses – Amendment to the Landlord and Tenant Act 1954

Aims of the measure:

- There are 2.9 million home businesses in the UK. They are of growing importance to the economy with an increase of 500,000 home businesses since 2010.
- However, residential tenancy agreements often prohibit business use in a home to avoid creating a business tenancy with a right to renew at the end of the tenancy.
- Landlords can also be reluctant to agree a business use if asked, for the same reason.
- We intend that agreeing to a home business will not create a business tenancy, thereby making landlords more agreeable to such use.

Measure will:

- The proposed amendment will amend Part 2 of the Landlord and Tenant Act 1954.
- The change will mean that if the landlord agrees to reasonable business use of a home this will not result in the creation of a business tenancy.

Specific outcomes and impacts:

- The measure will provide clarity for residential landlords and tenants.
- It will not affect the landlord’s ability to consider such requests and say “no” if they wish to.
- It will remove a current barrier to home business and help support the continued growth of this sector.
Competition and Markets Authority (CMA) recommendations

Aims of the measure:

• To help improve the compatibility of legislative proposals with Government’s commitment to competition.

Measure will:

• Allow the CMA, at its discretion, to make recommendations on the impact on competition of legislative proposals, which it must then publish.

• The legislative proposals in scope are those brought forward by the UK Government – both primary and secondary. Existing legislation is not in scope, unless subject to proposals for change.

• The proposals in scope should affect a market or markets in the United Kingdom. This does not necessarily mean the markets must only be within the UK or extend to the whole of the UK.

• Any recommendations must be made to the person proposing the legislation and brought to the attention of interested parties.
Liability of bodies concerned with accounting standards

Aims of the measures:

- Provides an exemption from liability from damages for specified bodies or persons when carrying on activities specified in section 16 (2) of the Companies (Audit, Investigations and Community Enterprise) Act 2004.

Measure will:

- Introduce a new power for the Secretary of State to introduce an exemption from liability to take effect without it being conditional on the awarding of a grant to a body.

- Remove the time-limited application of the current exemption, as the new power will only be time-limited if the Secretary of State so chooses.

Specific outcomes and impacts:

- The measure will replace section 18 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 which provides an exemption from liability for damages for bodies concerned with accounting standards etc. with a new section 18A.

- The existing exemption from liability to be provided to the body where it receives an annual grant from government; and takes effect on the date on which the grant is paid and is limited to the period of the grant.

- Government will continue to provide the exemption from liability for damages; but will no longer be obliged to pay a grant to bring the exemption into effect.