

New Legislative Framework: transposition of related EU directives for eight industrial sectors

Department for Business, Innovations and Skills

RPC rating: fit for purpose

Description of proposal

The proposal is to implement a number of EU directives, revoking and replacing existing legislation. The eight directives are part of the New Legislative Framework, which aims to make legislation on the single market for goods clearer, more consistent and more effective. The proposal will ensure that UK regulations reflect the updated EU obligations and requirements.

Impacts of proposal

The proposals will harmonise the provisions of the directives, to protect consumers and make it easier to sell and distribute products in the EU. The proposals will impose administrative burdens on 11,935 manufacturers and importers in the eight sectors affected by the directives (e.g. simple pressure vessels, electromagnetic compatibility, weighing and measuring instruments, lifts and their safety components).

The impact assessment (IA) estimates a one-off administrative cost of £6.6 million from the re-drafting and re-issuing of documents to include the new directive numbers. This is based on each business requiring an additional 40 hours of administrative time at an hourly cost of £13.73.

The proposal will also result in ongoing costs to businesses. For example, there is a requirement for products to include the manufacturer's name and address and product identifying serial numbers. Additionally, businesses throughout the distribution chain must keep records of from whom they purchase, and to whom they supply, products. The IA estimates this ongoing cost to business to be £16.4 million each year. This is based on each firm devoting a further 100 hours of administrative time to comply with this requirement.

The IA explains that the proposals will improve the safety and health of consumers and workers through reducing the number of non-compliant products on the market. Additionally, businesses will benefit from clarification and harmonisation of definitions and duties. These benefits have not been monetised.

Overall, the Department estimates the cost to business to be £148.09 million over ten years in present value terms. This translates to an equivalent annual net cost to business (EANCB) of £16.93 million.

Quality of submission

The IA provides a sufficient overall analysis of the proposal. This includes monetising what are expected to be the main impacts. The IA explains that formal consultation and discussions with stakeholders did not provide any firm evidence in relation to administrative business costs. The Department has, therefore, attempted to illustrate the potential costs to business, drawing upon information in a related impact assessment (on pyrotechnic articles). The IA states that the assumptions used were generally supported by responses to consultation. It is disappointing that consultation provided minimal evidence on costs. While the RPC would have preferred the assumptions to be underpinned by stronger evidence, this approach appears reasonable in the circumstances. The IA provides reasonable qualitative analysis of the impacts that cannot be monetised. However, the IA could be strengthened by illustrating the likely scale of the potential costs of the directive on 'lifts and their safety components'.

The IA refers to a possible increase in ongoing costs for notified bodies from the strengthening of the obligations on information sharing. Although this is unlikely to have a significant impact on the EANCB, the IA would benefit from further consideration of these costs, in particular whether they would be recovered from business.

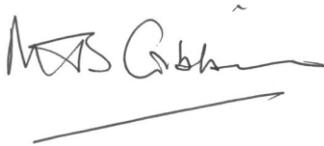
The IA satisfactorily demonstrates that all the proposed changes to UK legislation flow directly from changes to the EU directives, and goes no further than the minimum required by the legislation. The proposal will not, therefore, be scored against the business impact target.

Departmental assessment

Classification	Non-qualifying regulatory provision (EU)
Equivalent annual net cost to business (EANCB)	£16.9 million
Business net present value	-£148.1million

RPC assessment

Classification	Non-qualifying regulatory provision (EU)
EANCB – RPC validated	£16.9 million
Small and micro business assessment	Not required (European origin)



Michael Gibbons CBE, Chairman