**Title:** Defra Data Reforms 2016  
**IA No:** Defra1869  
**RPC Reference No:** Lead department or agency: Defra  
Other departments or agencies:  

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### Impact Assessment (IA)

- **Date:** 12/04/2017  
- **Stage:** Final  
- **Source of intervention:** Domestic  
- **Type of measure:** Other  
- **Contact for enquiries:** Lu.Tolu@defra.gsi.gov.uk  

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### Summary: Intervention and Options

<table>
<thead>
<tr>
<th>Cost of Preferred (or more likely) Option</th>
<th>RPC Opinion: Green</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Present Value</td>
<td></td>
</tr>
<tr>
<td>£63.67 m</td>
<td></td>
</tr>
<tr>
<td>Business Net Present Value</td>
<td></td>
</tr>
<tr>
<td>£63.67 m</td>
<td></td>
</tr>
<tr>
<td>Net cost to business per year (EANDCB in 2014 prices)</td>
<td></td>
</tr>
<tr>
<td>-7.3</td>
<td></td>
</tr>
<tr>
<td>One-In, Three-Out</td>
<td></td>
</tr>
<tr>
<td>In scope</td>
<td></td>
</tr>
<tr>
<td>Business Impact Target Status</td>
<td></td>
</tr>
<tr>
<td>Qualifying provision (-36.5)</td>
<td></td>
</tr>
</tbody>
</table>

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

Over time, the accumulation of information requirements by Defra and its agencies has made it difficult for businesses, particularly small businesses, to understand and comply with the relevant regulations or to use the relevant services. This diverts business resources, leading to inefficiency and can ultimately lead to impeding business growth. As part of the Red Tape Challenge, Defra committed itself to a fundamental overhaul of its data requirements to make them simpler, quicker and clearer to use. This initiative is to correct a policy implementation failure rather than the original market failure which the original regulatory interventions were designed to correct.

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**What are the policy objectives and the intended effects?**

The policy objective is to ensure Defra and its agencies only collect the information they need; to collect it as simply as possible and to avoid collecting the same information twice. The intended effect is to reduce burdens on business and government and to release the highest value of the information collected.

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

Option 0: Do nothing;

Option 1: "All Defra policy areas". This option aligns the data reporting approach for the Defra network. Defra is already implementing this option and so it is the only credible option.

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**Will the policy be reviewed?** It will/will not be reviewed. **If applicable, set review date:** Month/Year

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**Does implementation go beyond minimum EU requirements?** N/A

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<table>
<thead>
<tr>
<th>Are any of these organisations in scope?</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>What is the CO₂ equivalent change in greenhouse gas emissions? (Million tonnes CO₂ equivalent)</th>
<th>Traded:</th>
<th>Non-traded:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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*I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.*

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Signed by the responsible SELECT SIGNATORY: Date: ____________________________
Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

<table>
<thead>
<tr>
<th>Price Base Year</th>
<th>PV Base Year</th>
<th>Time Period Years</th>
<th>Net Benefit (Present Value (PV)) (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2016</td>
<td>10</td>
<td>Low: 58.19</td>
</tr>
</tbody>
</table>

COSTS (£m)

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Transition (Constant Price)</th>
<th>Average Annual (excl. Transition) (Constant Price)</th>
<th>Total Cost (Present Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Optional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Optional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best Estimate</td>
<td>Nil</td>
<td></td>
<td>Nil</td>
</tr>
</tbody>
</table>

Description and scale of key monetised costs by ‘main affected groups’

All implementation costs have been recorded in the 2015 IA

Other key non-monetised costs by ‘main affected groups’

Maximum of 5 lines

BENEFITS (£m)

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Transition (Constant Price)</th>
<th>Average Annual (excl. Transition) (Constant Price)</th>
<th>Total Benefit (Present Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Nil</td>
<td>6.8</td>
<td>58.2</td>
</tr>
<tr>
<td>High</td>
<td>Nil</td>
<td>8.0</td>
<td>69.2</td>
</tr>
<tr>
<td>Best Estimate</td>
<td>Nil</td>
<td>7.4</td>
<td>63.7</td>
</tr>
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</table>

Description and scale of key monetised benefits by ‘main affected groups’

Benefit to business from reduction of business costs to report information £63.7 m PV.

Other key non-monetised benefits by ‘main affected groups’

Businesses benefit from 1) greater confidence amongst businesses that they are compliant, 2) reduced barriers to entry for new entrants & existing businesses into new markets, and 3) more even playing field.

Key assumptions/sensitivities/risks

Discount rate (%) | 3.5
Risks: 1) failing to fully implement the reforms 2) failing to put adequate business as usual arrangements in place 3) transitional uncertainty

Sensitivities: 1) Labour cost of business population affected

BUSINESS ASSESSMENT (Option 1)

<table>
<thead>
<tr>
<th>Description</th>
<th>Direct impact on business (Equivalent Annual) £m:</th>
<th>Score for Business Impact Target (qualifying provisions only) £m:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs: 0.0</td>
<td>Benefits: 7.3</td>
<td>-36.5</td>
</tr>
<tr>
<td>Net: 7.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Evidence Base (for summary sheets)

Contents

1. Background and problem under consideration
2. Rationale for intervention
3. Policy objectives and the intended effects
4. Description of reforms and options considered
5. Assessment of the reforms (option 1)
6. Risk, assumptions and sensitivities
7. Impact on businesses
8. Small and Micro Business Assessment
9. Summary and implementation plan including Post Implementation Review

1. Background and problem under consideration

This Final Stage Impact Assessment (IA) covers a part of Defra and its agencies’ guidance and data reforms (“smarter data”) which are public commitments following the first phase of the Smarter Environmental Regulation Review (SERR). SERR was a commitment arising out of the Cabinet Office’s Red Tape Challenge (RTC). During the RTC, stakeholders including members of the public were asked to provide their views on; which regulations are working and which are not, what should be scrapped and what should be simplified, as well as what can be done differently.

Evidence from the RTC’s review of Defra’s environmental regulations suggested that environmental regulation had evolved in an ad hoc manner and ‘can appear fragmented, overlapping, inconsistent and complex’ and ‘may act as an effective barrier to compliance …and growth.’1 Two specific areas of concern were highlighted 1) guidance documents issued by Defra and its agencies2, and 2) data reporting requirements imposed by Defra and its agencies on businesses. The changes in guidance are discussed in a separate IA.

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2 This refers to the core Defra department and its agencies and arms length bodies.

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This is a final stage IA for a non-legislative regulatory reform initiative. Given the non-legislative nature of the measure, formal Regulatory Policy Committee (RPC) scrutiny, as set out in the Better Regulation Framework Manual, is not required. However, given the scale of the estimated business savings and the likely scrutiny that the estimates may be subject to, Defra has made a request to the RPC to informally review the IA; the RPC has agreed to this request. The consultation-stage IA received a ‘Green’ rating from the RPC and feedback advising that the key assumptions that relate to business which had been presented within relatively large changes should be tested through consultation with stakeholders. An open consultation was conducted on these assumptions which received 78 responses. The results of the consultation were discussed with Red Tape Challenge group which comprises of representatives of key stakeholder groups.

This is the second in a series of IAs and covers changes that occur from May 2015 to May 2016. Unlike the impacts recorded in the previous IA which covers changes that occur up to May 2015, the costs and benefits are considered as ‘in scope’ under the new accounting system for one-in-three-out and the Business Impact Target Score.

1.2 Data

Scope

The scope of the smarter data reforms encompasses all information requests on businesses and others to provide information to Defra and its agencies. Information requests include: permitting or registering activities; monitoring or reporting on compliance or performance; and making other applications for any other government schemes. Information that businesses are required to hold but not submit is not included.

The organisations covered by the reforms include Defra, the Environment Agency, Natural England, APHA, MMO, RPA, VMD, the Forestry Commission and local authorities (on Defra’s behalf). It also includes information requests on carbon emissions to the Department for Energy and Climate Change (DECC).

Problem

Defra and its agencies have introduced information requests in an ad hoc way over a long period of time in response to evolving regulatory requirements and funding and other schemes.

The SERR Phase 1 Report and evidence gathering undertaken as part of implementation found that:

- there was no common or coordinated approach to information requests either across Defra and its agencies or sometimes even within each organisation with individual teams making their own decisions about whether, how and when to collect information;
- there was no consistent approach to collecting information, with a mix of online forms, email submission, paper submission by post, indirectly via compliance schemes and portal submission;
- there are over 1,000 separate information requests across Defra and its agencies;
- these are managed on a complex web of expensive legacy IT systems;

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• IT collection systems have rarely taken full account of user experience or how requests align with businesses’ own collection systems;

• there is a high degree of duplication in reporting basic identification information with less duplication in the required environmental information;

• there is limited interoperability between data IT systems and limited data sharing across and sometimes within organisations; and

• it is not always clear to businesses why information is collected and what is done with it.

The potential impacts of this situation, compared to the reform, include:
• increased time for businesses and others to gather/collect and report information, which affects smaller companies disproportionately;

• increased costs for government in collecting the information;

• limited ability for regulators to use the information to better target regulatory resources at risks; and

• limited ability to make information transparent to the public.

2. Rationale for intervention

Over time, the accumulation of unduly complex data requirements has made it difficult for businesses, particularly small businesses, to understand and comply with the relevant regulations. This diverts business resources away from more productive environmental management or other business activities and impedes growth.

Rationalising and reducing business data reporting requirements are designed to correct a policy implementation failure rather than address the original market failure. The original market failure would have been considered when the original guidance documents were issued or when initial data requests were made. The intervention will also make government intervention more effective in the future.

3. Policy objectives and the intended effects

The aim of the policy is to minimise business data reporting so that only data required to meet the aims of regulation are requested, and that any data is reported once and shared by Defra and its agencies. The intended effect is to reduce burdens on business and to help release the highest value of the information collected.

4. Description of reforms and options considered

Data reforms

It is not feasible in the shorter term to replace all the current data collection arrangements with the optimal approach of businesses reporting once and the data being shared across organisations. This is because the complex web of existing IT systems cannot be immediately replaced due to contractual and other business continuity reasons and since much of the information that is reported is required by either EU or domestic law. The reforms instead involve implementing measures that either 1) stop collecting information that is not needed to achieve the core policy objectives or 2) simplify the way Defra and its
agencies collect information.

Work started with an independent “zero-based” review of data reporting requirements to make sure Defra and its agencies only collect information that is:

- essential to meeting minimum EU obligations; or
- essential to making a decision/approval; or
- required to verify compliance with regulation.

and that:

- no alternative and better means to achieve these are available;
- only the minimum amount of information required to achieve the outcome is requested;
- the information collection is undertaken in the most streamlined manner available.

The government has already agreed measures and an implementation plan\(^5\) to reduce and simplify environmental, carbon and marine reporting by businesses through action to:

- stop collecting information Defra and its agencies no longer need or use (e.g. the Resource Efficiency Pollution Index which is no longer used for its intended purpose);
- stop collecting information Defra and its agencies already have from other sources (e.g. revoking the requirement to register premises for hazardous waste because the information is available from the consignment note that accompanies each waste arising);
- find a more effective way to achieve the policy outcome (e.g. by switching to reporting plans to find responsible solutions to dispose of polychlorinated biphenyls (PCBs), rather than simply reporting holdings);
- make automatic renewals easier (e.g. for waste exemptions);
- replace bespoke licence applications with standard permits (e.g. for species licensing and environmental permitting);
- focus environmental assessments on required information (this will involve further investigation to develop and implement a consistent approach across assessment types);
- standardise reporting (e.g. for environmental permit reports).

Defra and its agencies have also committed to implement a programme during 2014-2017 to transform all environmental transactional services (the IT systems) to achieve the longer-term vision whereby:

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• services are designed in line with the digital by default service standards\textsuperscript{6} which aim to ensure they are so good people prefer to use them;
• information is submitted by or collected from businesses in the most efficient way taking account of both business and government costs over short, medium and long terms;
• businesses can access services in one place on the web;
• businesses do not have to submit the same information more than once, and information is available to those who need it irrespective of organisational boundaries;
• information is linked and systems interoperable across Defra and its agencies and the underlying data standards and architecture support this; and
• data conforms to consistent standards and is more meaningful to the public.

These plans have the potential to reduce the time businesses spend supplying information to Defra and its agencies by 20\% and save government agencies over £10m p.a. The implementation plan, which includes a break-down of the time savings, has been published.\textsuperscript{7}

Defra is now seeking feedback on reform recommendations for farming, animal health and all other requirements which aim to achieve similar levels of time savings for business users.

Options considered

Two options were considered, including:

\textit{Option 0: Do nothing}

Under this option, there is no change to current policy.

For data reporting, do nothing means that Defra and its agencies’ approach to information requests would remain piecemeal, collecting more information than is required to meet the underlying policy objectives and without co-ordination. The problems outlined above would persist.

\textit{Option 1: “All Defra policy areas”}

This is the preferred option which was agreed by Defra Ministers and the Cabinet Office through the Red Tape Challenge. Option 1’s coverage of data reforms includes all Defra policy areas and all the agencies referenced in the section above.

Options considered in the analysis

Option 1 is assessed against option 0. This is the only option assessed as it has been agreed and is being implemented.

5. Assessment of the reforms (option 1)

This section monetises the impacts of option 1 compared to option 0, before estimating the net present value of option 1 against option 0, and discussing the non-monetised impacts.

\textsuperscript{6} https://www.gov.uk/service-manual/digital-by-default
\textsuperscript{7} 1. WSP Environment proposals, 2. WSP, Zero Based Review: Information Request Reform (Marine Proposals), February 2014, 3. WSP, Zero Based Review: Information Request Reform (Carbon Proposals), February 2014 All three reports can be downloaded from
Method

The costs and benefits have been estimated using a variety of sources including cost data from Defra’s network, programme implementation plans, published studies and expert judgement. Where assumptions are required on the basis of judgement they have been provided by those in the best position to do so.

The detailed method for estimating each impact is described below. Where there is significant uncertainty, estimates are provided within appropriate ranges. Further investigation of each impact will be carried out during the consultation phase and through ex post evaluation.

The cost and benefits to government from having to administer these reforms have been accounted for in the previous IA, and there are no additional costs that occurred after May 2015 to be considered at this stage.

Reduction in business cost to collect and report information

There will be less information to report, less frequently and it will be easier to submit. The WSP Ltd reports on environment, marine, carbon, farming and animal health and welfare provides estimates of the time savings for business on the basis of detailed assessment of each reform measure. For each measure, this is a product of the number of returns (i.e. each time a business provides information via a form or online submission etc.), the estimated baseline time taken per return and the estimated time saving from the measure. For number of returns actual data from regulators was used. For the time estimates, WSP used actual information where recorded and where not they asked businesses during interviews to develop the reform measures, regulators and their own consultants to derive their best estimate. The total product of these estimates is that 1.16 million hours are likely to be saved if all the simplification proposals are implemented (Table 1), internal updates provide information about the progress of the project and the total hours saved.

Phase 1 includes changes made to environmental, marine and carbon related data changes, and Phase 2 covers farming and animal health and welfare.

Table 1: Total hours saved per year from data simplification

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>819,076</td>
<td>251,459</td>
<td>116,375</td>
<td>306,087</td>
<td>145,156</td>
</tr>
<tr>
<td>Phase 2</td>
<td>345,812</td>
<td>3,256</td>
<td>0</td>
<td>10,525</td>
<td>332,031</td>
</tr>
</tbody>
</table>

Table 2: Proportion of total time savings for environment and marine realised

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>819,076</td>
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<tr>
<td>Phase 2</td>
<td>345,812</td>
<td>3,256</td>
<td>0</td>
<td>10,525</td>
<td>332,031</td>
</tr>
<tr>
<td>Total</td>
<td>1,164,888</td>
<td>254,715</td>
<td>116,375</td>
<td>316,612</td>
<td>477,187</td>
</tr>
<tr>
<td>Totals as a %</td>
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<td>10</td>
<td>27</td>
<td>41</td>
</tr>
<tr>
<td>Cumulative savings realised %</td>
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<td>22</td>
<td>32</td>
<td>59</td>
<td>100</td>
</tr>
</tbody>
</table>

At consultation stage a range was used for wage rates of between £29 and £36 per hour (including a 30% uplift to account for non-wage labour costs). This figure was presented on the basis of productive hours, based on a report by Knox D’Arcy that managers in the manufacturing sector work 76% of the time. The consultation responses and comments supported the idea that guidance was read by a range of professions, and the responsibility for reading and understanding guidance was usually that of the ‘manager’ level. It was agreed to keep the range of salaries based on professions. Based on advice received from the RPC however the ‘productive hours’ element was removed from the calculations, bringing the average real hourly wage down between £21.4 and £25.4 per hour, with the mid-point £23.4 used as ‘best estimate’. Annex A explains the basis for this range in more detail.

Feedback received from the consultation was very mixed, with some businesses commenting that they welcomed the intention to reduce the duplication and complexity surrounding reporting of compliance data but that it was very early on in the development of this project and the vast majority of respondents could not say if they thought this level of savings was likely to be achieved.

The latest internal estimates give a lower number of hours saved then hoped for in the consultation IA (reduced from 1.6m to 1.16m) and given the lack of available information we have moved the best estimate to the more cautious lowest end of the range, than the mid-point previously used in the consultation stage IA. Therefore our estimates of monetised benefits for this area of the reforms have decreased significantly from consultation stage estimates. As described in the introduction, this IA will only record the impacts that are achieved as a result of

Source: Internal WSP reports to Defra
actions completed within the financial year of 2016 within the net present value. Therefore the yearly additional benefits achieved in 2016 are between around £6.76m and £8.03m, with a best estimate of £7.40m.

Non-monetised impacts

This section contains the impacts or potential impacts, which it is not, or not yet, possible to monetise. This is normally because insufficient data currently exists.

- **Reduced need to seek external support for information reporting.** It is possible that fewer businesses will use external support as information reporting gets easier. No information has been identified so far either about the current expenditure on external support for these purposes or predictions of the potential reduction. Further information will be sought during consultation.

- **Reduced costs to government of customer calls from simpler information reporting.** The first transactional system to be reformed (waste carriers within the Environment Agency) reduced customer calls from 120 calls per 100 transactions to 14 calls. This transactional service had its own dedicated call centre and they or the Environment Agency’s National Customer Call Centre were unable to provide a view about the potential change from reforming other transactional systems. Furthermore no data is collated about the levels of existing calls for transactional services.

- **Change in business IT costs.** There could be some IT costs to adjust to simplified reporting requirements. These should be minimal as Defra and its agencies are aiming to minimise any interruption as part of implementation. In the medium to longer term, simpler information reporting should in time reduce the costs of businesses IT systems.

- **More even playing field.** To the extent that these reforms help correct undercompliance, any competitive advantages due to differing levels of compliance could be reduced and businesses will be able to compete on a more even playing field.

- **Better, more coherent data from Defra and its agencies.** Consistent data standards will be used where possible in transforming IT systems which makes it easier to link data across services. Simpler data requirements tend to generate better quality data. This leads to more coherent datasets which will provide a better basis for Defra and its agencies to understand business regulatory performance and to make better data available externally.

6. Risks

Programme governance arrangements include risk management to ensure the programme is implemented in a way that takes account of any risks. The significant residual risks that will require ongoing attention include:
• **Failing to fully implement the reforms.** The estimated total number of hours saved as fallen significantly from those initially predicted in 2014. Capital funding for IT reforms is agreed year to year so while there is funding in 2014/15, it cannot be guaranteed beyond that. Other central funding required is in business plans. In additional to foregoing the benefits this would cause reputational damage.

• **Failing to put adequate business as usual arrangements in place.** This is relevant to both guidance and data reforms. It would arise if we cannot agree appropriate internal governance arrangements and controls. The consequence would be that guidance and data arrangements are not managed appropriately to ensure they respond to users’ needs and are updated and that, at worst, guidance and data requirements start to proliferate again. Under these circumstances the benefits and savings identified would be reduced. This would also cause reputational damage.

7. **Impact on businesses**

7.1 OITO classification

This measure reduces the administrative burden on business and is in scope for the one-in-three-out process as well as the Business Impact Target score.

The business impacts are direct impacts; with a best estimate of £63.67 in present value terms; and the EANDCB is -£7.3m p.a. in 2014 prices and 2015 base year.

8. **Small and Micro Business Assessment**

The Coalition Government of 2010-2015 introduced a formal policy to reduce costs placed on small and micro businesses as a result of the regulations introduced under this session of parliament, and has introduced various polices to ensure such a cost reduction. One such policy is the Small and Micro Business Assessment (SaMBA).

The SaMBA is described in section 1.6 of the Better Regulation Framework Manual and applies to regulatory measures. It states that the default position is to exempt all small and micro businesses from any burdensome costs imposed by the new regulation. If this is not possible then 1) an argument must be put forward for why it is not proportionate to exempt small and micro businesses or 2) proposals for mitigating any costs on small and micro businesses must be put forward.

In the case of the preferred option (i.e. option 1), the smarter data reforms are de-regulatory in nature and are estimated to result in large savings to business (with a business NPV of £63.67m). A high proportion of these savings are for small and micro-businesses and they will benefit particularly given the resource constraints under which they typically operate. Thus, exempting these businesses from the reforms would be contrary to the Government’s policy of reducing costs to business. Thus, exempting small and micro businesses from these reforms would not be compatible with achieving a large part of the intended benefits of the measure.

9. **Summary and implementation plan including Post Implementation Review**

Option 1 is the only option considered in this IA as it is currently being implemented in line with public commitments made. Table 3 provides a summary of the annual impacts of option 1 compared against option 0 and includes present values and the net present value. It shows
that the best estimate of the net present value of option 1 is £63.67m, indicating that the benefits outweigh the costs, where monetised. The low and the high estimates of the net present value are £58.19m and £69.16m respectively.

Defra will undertake a post implementation review of whether the smarter guidance and data reforms achieve (or looks set to achieve) their expected impacts. The exact methodology for the review will be determined after a scoping phase exploring the options for conducting a proportionate evaluation, by focusing on key evidence gaps, and testing the key assumptions in the IA, where possible. This is likely to include analysis of relevant monitoring data, development and refinement of a logic model, and (if necessary) bespoke pieces of research, e.g. with users and stakeholders, to fill gaps in our understanding of the outcomes and impacts. The design of the review will be informed by relevant sources of guidance such as the HMT’s Magenta Book. Quality assurance will be provided through Defra’s analytical quality assurance process.
Table 3: Annual impacts of option 1 compared to option 0, £m

<table>
<thead>
<tr>
<th>Impact</th>
<th>Year</th>
<th>Present value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Benefit to business from reduction in business costs to report information</td>
<td>7.40</td>
<td>7.40</td>
</tr>
<tr>
<td>Low</td>
<td>6.76</td>
<td>6.76</td>
</tr>
<tr>
<td>High</td>
<td>8.03</td>
<td>8.03</td>
</tr>
</tbody>
</table>
Annex A: Wage Rates

Defra and its agencies’ guidance and information obligations will affect a wide variety of different types of businesses, professions and roles. This range typically includes, but is not limited to, owners of micro-businesses including farmers, general managers in small businesses and technical professionals working in larger businesses. Given this variety it is not currently feasible to model this accurately. The vast majority of personnel will fall into the following four categories in the Office of National Statistics’ Annual Survey of Hours and Earnings (ONS’s ASHE):

- Managers, directors and senior officials. This includes managers in a range of sectors. Median salary for group: £36,570.
- Professional occupations. This includes conservation and environment professionals. Median salary for group: £33,152
- Associate professional and technical occupation. This includes engineering technicians. Median salary for group: £28,500.
- Skilled trade occupations. This includes farmers. Median salary for group: £23,500.

Reviewing the spread of sectors and sizes of business, types of roles likely to be involved and estimated time input for different sizes of businesses, in particular that input will be lower for micro-businesses, it seems most likely that the true median salary will be within the range £28,500 and £33,152 before adjustment for non-wage labour costs and productive hours (see below). While it may not always be the same person within an organisation reading guidance and doing information requirements, this conclusion is likely to hold across both.

The most appropriate job categories within the Office of National Statistics’ Annual Survey of Hours and Earnings (ONS’s ASHE) for the low estimate was the associate professional and technical occupation and the high estimate was the professional occupation.

From the ONS’s ASHE data Defra derived an hourly wage rate based on estimated hours worked.

The business productive wage rate, for the low estimate, is estimated by taking the:

- Annual median salary of £28,500 for the associate professional and technical occupation from the ONS’ ASHE,\(^1\) and uplifting by 30% to account for non-wage labour costs as per the Standard Cost Model,\(^2\) to give an annual cost of £37,050;
- Taking the total number of weeks in a year (i.e. 52 weeks), and adjusting for annual leave (4 weeks) and bank holidays (1.6 weeks) gives 46.4 productive weeks per year, or equivalently (assuming a five day working week) 232 days. Assuming an average working week of 37.4 hours or 7.5 hours per day (obtained from ASHE) gives an hourly working low business wage rate of around £21.4 per hour.
- Using the same methodology, the high estimate is around £25.4 per hour. (The annual median salary of £33,152 for professional occupations was used, and the hours worked per week is 36.6 from ASHE).
- The best estimate is around £23.4 per hour, estimated as an average of the high and low estimates.

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\(^1\) The median (or middle) salary was used rather than the average (or mean) because the distribution of the salary data is skewed positively, with the bulk of the managers in this category earning less than the average. Thus, the average salary provides an overestimate of the salary earned by the majority of managers in this category. Further, the use of the median rather than the mean is in line with the ONS’s recommendations regarding how to use ASHE in its Frequently Asked Questions document: [http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/annual-survey-of-hours-and-earnings/annual-survey-of-hours-and-earnings/index.html](http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/annual-survey-of-hours-and-earnings/annual-survey-of-hours-and-earnings/index.html)