



Department for  
Business, Energy  
& Industrial Strategy

# BUSINESS IMPACT TARGET

Quick-start guide for regulators

Withdrawn

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# Foreword

## Purpose of this document

This document aims to provide a *quick-start guide* for regulators, and covers the fundamental information necessary to implement the Business Impact Target (BIT). It is intended to provide a central reference point that can be used to navigate the various sources of guidance that have been produced, and which summarises the essential points from the existing sources of guidance in a simple and accessible way.

## Who is this document for?

This document is designed to assist *regulators in implementing the BIT*. It will be relevant both for those who have responsibility for implementing the BIT, as well as those who have the specific role of writing BIT Assessments.

## Which resources have been utilised to compile this document?

This document has been compiled from the various existing sources of Guidance that the Better Regulation Executive (BRE) and Regulatory Policy Committee (RPC) have produced for regulators. See [Annex 1](#) for descriptions of these documents with accompanying links.

## Structure of this document

The [Introduction](#) to this document will provide a *brief overview* of the BIT, summarising the key points necessary to understand what the BIT is and how the relevant requirements apply to their work.

[Section 1](#) of this document provides an overview of how to determine which of your measures qualify for the BIT. It is intended for both those who do *BIT Assessments* and who will *implement the BIT* in their organisations.

[Section 2](#) of this document is written for individuals within regulators who are actually *doing a BIT Assessment*. It is intended to provide a step-by-step process for anyone whose responsibility it is to write BIT assessments.

[Section 3](#) is intended for those who will be responsible for *implementing the BIT* within their own organisation. It covers the broader considerations that are necessary for overseeing the BIT Implementation process as a whole.

[Section 4](#) is not directly related to the Business Impact Target, but instead attempts to provide a brief overview of how to begin reducing regulatory burdens more widely. It is intended both for those who will be *implementing the BIT*, as well as those who have *responsibility for better regulation* more widely within their organisations.

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# Introduction

## What is the Business Impact Target (BIT)?

The [Small Business, Enterprise and Employment Act 2015 \(SBEE Act 2015\)](#) creates a legal obligation on the Government of the day to publish a Business Impact Target, covering the economic impact of new or amended regulation on business and civil society organisations.

The SBEE Act 2015 requires the government to report regularly on progress against that target, and to obtain independent verification of the economic impact of measures in scope of the target.

The current Government has set a Business Impact Target of *£10 billion* for the 2015-2020 Parliament, reflecting its manifesto commitment to save business £10 billion in this Parliament.

## Why does the Business Impact Target apply to regulators?

Better Regulation is a key part of Government's desire to make the UK the best place in the world to start and grow a business and central to its commitment to drive economic growth and boost productivity.

Businesses consistently tell Government that the actions of regulators are at least as important as legislation. By requiring regulators to transparently report on the cost to business of changes to their regulatory policies and practices, this will incentivise regulators to develop policies and guidance that reduce regulatory burdens on business, thereby helping to drive economic growth and boost productivity.

This will therefore help to support regulatory bodies in the UK to create a healthier business environment by making regulation more proportionate, transparent and accountable.

## What falls in scope of the BIT?

To understand the scope of the BIT, it is necessary to understand what constitutes a "regulatory provision". The SBEE Act 2015 broadly defines regulatory provisions as those concerning the regulation of the activities of business and community and voluntary bodies ([section 22 of the SBEE Act](#)).

Regulatory provisions include any changes to regulation through (a) primary or secondary legislation (b) regulatory activity by UK Ministers, including activities undertaken by government departments and executive agencies on behalf of UK Ministers (c) regulatory activity by further, 'relevant' regulators . ([Section 22\(b\) of the SBEE Act 2015](#)).

The list of relevant regulators that fall within scope is set out in the [Business Impact Target \(Relevant Regulators\) Regulations 2017](#). This list covers regulators that are legally separate entities to UK Ministers and carry out functions that regulate business and/or the voluntary and community sector. In the vast majority of cases these will be bodies that are established under

statute. However, given the wide array of regulatory bodies, this category also includes a small number of bodies that have been established either as a company or by Royal Charter rather than by statute.

### What is excluded from the BIT?

A number of categories of regulatory activity are excluded from the BIT. These are divided into statutory exclusions, and administrative exclusions. For a more in-depth discussion on exclusions, see [Section 1.2](#) of this document.

Statutory exclusions are defined under the [SBE Act 2015](#). They do not score against the BIT, and are not regulatory provisions. They include: measures that regulate business activities undertaken by public bodies or as part of the delivery of public services; fees and charges; tax/tax administration; temporary measures; grants and financial assistance; and procurement.

Administrative exclusions were announced in a [written ministerial statement](#) published on 03 March 2016. Administrative exclusions are regulatory provisions but are not scored against the BIT.

### What are QRPs and NQRPs?

**Qualifying Regulatory Provisions (QRPs)** are regulatory provisions that are not excluded from the target by any of the administrative exclusions set out in the [written ministerial statement](#). They are therefore within scope of the BIT. Only QRPs are scored for the BIT.

**Non-qualifying Regulatory Provisions (NQRPs)** are regulatory provisions that are excluded from the BIT under the administrative exclusions set out in the [written ministerial statement](#). Regulators will be required to publish annual summaries of their NQRPs in June each year.

### What do I have to do for the BIT?

Regulators in scope of the BIT must publish:

1. A list of all QRPs, with a figure showing the economic impact to business of each QRP made in accordance with the BIT Methodology ("BIT Score"). In practice this list is generated through submission of assessments of the impact of qualifying measures ("[BIT Assessment](#)") for verification by the RPC throughout the year. See [Section 2](#) for an in-depth discussion of the BIT Assessment.
2. A summary of NQRPs that have come into force, ceased to be in force or are changed during the BIT Annual Reporting Period ("[NQRP Summary](#)"). See [Section 2.3](#) on the NQRP Summary.

### How is the BIT Scored?

The economic impact of each QRP will be measured according to the Government's chosen metric. This is the **Equivalent Annual Net Direct Cost to Business (EANDCB)**<sup>1</sup>. To generate the contribution of a measure to the BIT, the EANDCB is multiplied by five, to assess the impact over the first five years for which the measure will be in force, Or, for measures that are in force for less than five years, the sum of the EANDCB over the full lifetime is scored.

### How is the BIT Verified?

The Government must report annually on progress against the target, and gain independent verification of the economic impact of measures that qualify for the target. The SBEE Act requires that an independent body be appointed to verify the BIT, and the [Regulatory Policy Committee \(RPC\)](#) has been appointed to carry out this function.

The RPC is required to validate BIT Assessments and NQRP summaries. This builds on the RPC's wider remit to provide the Government with independent scrutiny of the economic impact on business of qualifying regulatory provisions, as well verification of the status of non-qualifying regulatory provisions.

### What are the reporting timescales?

The BIT reporting periods for this Parliament are as follows:

BIT Annual Reporting Period	Publication Deadline
8 May 2015 – 26 May 2016 <sup>2</sup>	24 June 2016
8 May 2015 – 26 May 2017 <sup>3</sup>	9 June 2017
27 May 2017 – 26 May 2018	9 June 2018
27 May 2018 – 26 May 2019	9 June 2019
27 May 2019 – 7 May 2020	at least two weeks before the dissolution of Parliament

### What do these deadlines mean in practice?

The Statutory Guidance gives a deadline of 8 weeks before the end of the BIT Annual Reporting Period (31st March 2017) by which all assessments must be submitted to RPC.

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<sup>1</sup> Measured in 2014 prices and with a 2015 present value base year.

<sup>2</sup> Non-statutory regulators only

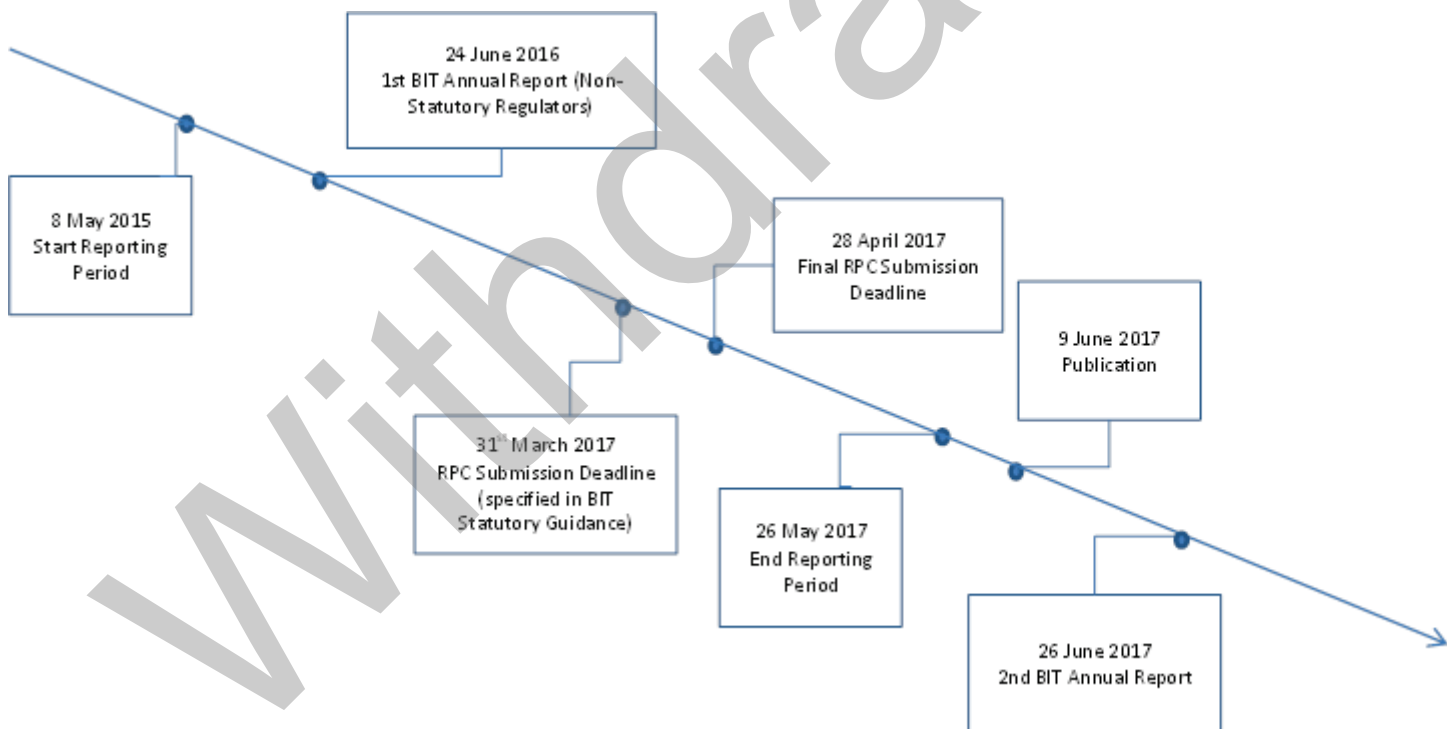
<sup>3</sup> All regulators in scope of the BIT

Submissions received before this date will be processed before the 9th June deadline, even where issues are identified that require a resubmission.

Beyond this date, RPC will accept submissions up to 28th April 2017. However, at this point the RPC cannot guarantee that it will be able to process everything submitted at this time. In particular, if the case is large, complex, or the RPC identified issues that need to be addressed before it can validate the estimated impact, then it is less likely that you will receive a validation statement by the 9th June deadline.

In exceptional circumstances the RPC may accept even later submissions – but this will be by mutual agreement only. Therefore, you will need to contact the RPC Secretariat ([regulatoryenquiries@rpc.gsi.gov.uk](mailto:regulatoryenquiries@rpc.gsi.gov.uk)) if you are likely to need such flexibility.

If a QRP measure is not validated by the RPC by the Publication deadline, then it is still necessary for a regulator to report in their QRP list that the measure is qualifying but without a corresponding figure. The measure will then have to be officially reported with the validated figure in the following year's publication.



## BIT implementation checklist

### Section 1: Regulatory Provisions, Qualifying Regulatory Provisions and Non-Qualifying Regulatory Provisions

<b>What Activities Qualify for the BIT?</b>	<b>1.1:</b>	Compile a list of all possible Regulatory Provisions (RPs) within the reporting period a) Troubleshoot: RPs
	<b>1.2:</b>	Determine whether Regulatory Provisions are QRPs or NQRPs b) Troubleshoot: NQRPs

### Section 2: BIT Assessment and NQRP Summary

<b>For QRPs, complete BIT Assessments</b>	<b>2.1:</b>	Complete the four BIT Assessment Sections: <ol style="list-style-type: none"> <li>1. Brief Outline</li> <li>2. Which Businesses are affected? How Many?</li> <li>3. Impact to Business and Description of Costs/Benefits</li> <li>4. Additional Information</li> </ol>
	<b>2.2:</b>	Troubleshoot: BIT Assessment
<b>For NQRPs, complete the NQRP Summary</b>	<b>2.3:</b>	Clarify which exclusions your NQRPs fall under
	<b>2.4:</b>	Capture any additional information needed for NQRP reporting
	<b>2.5:</b>	Create the NQRP Summary
	<b>2.6:</b>	Troubleshoot: NQRP Summary

### Section 3: Organisational Readiness, RPC Submission, and Publication

<b>Organisational Readiness</b>	<b>3.1</b>	Ensure that you have considered issues of Organisational Readiness
<b>Submit to the RPC for Verification</b>	<b>3.2</b>	Perform Quality Assurance Checks for BIT Assessments
	<b>3.3</b>	Get in Touch
	<b>3.4</b>	Submit QRP assessment(s) and draft NQRP summary to RPC
	<b>3.5</b>	If necessary, alter assessment based on RPC feedback
<b>Publish</b>	<b>3.6</b>	Publish BIT documents on your website or gov.uk

### Section 4: Reducing Regulatory Burdens

<b>BRE Toolkit</b>	<b>4.1</b>	BRE Toolkit
	<b>4.2</b>	Regulatory Futures Review



## Section 1

Regulatory provisions, qualifying regulatory provisions and non-qualifying regulatory provisions (RPS, QRPS, and NQRPS)

Intended audience

Individuals involved in: Implementing the BIT; doing BIT Assessments; writing NQRP summaries

# RPS, QRPS, AND NQRPS

## Introduction

Regulators that fall in scope of the BIT must produce two things:

- a list of the economic impact of all Qualifying Regulatory Provisions (QRPs), with BIT scores validated by the Regulatory Policy Committee (RPC), and
- a summary of Non-Qualifying Regulatory Provisions (NQRPs)

To do this, the first step is to determine which of your organisation's activities qualify for the BIT. This can be divided into two steps.

### 1.1: Determine whether your measures are Regulatory Provisions (RPs)

The first step is to create a list of all measures that could possibly regulate business that have come into force, ceased to be in force, or have changed during the BIT Annual Reporting Period. Any change to the way you regulate business in terms of policy or practice should trigger a consideration of whether it falls within the scope of the BIT.

Regulatory Provisions are defined under the SBEE Act in a 3-stage process. The measure must:

- A. Relate to a business activity
- B. Have a regulatory effect – such as imposing or amending requirements, restrictions or conditions, giving guidance, or relating to securing compliance/enforcement activities
- C. Be primary legislation; subordinate legislation made by a minister of the crown; or any other provision which has effect by virtue of the exercise of a function conferred on a Minister of the Crown or a relevant regulator.

Certain categories of activity are excluded by the SBEE Act from being Regulatory Provisions as a result of **statutory** exclusions in the Act. These are measures relating to:

- **Tax, duty, levy or other charge**
- **Procurement**
- **Grants or other financial assistance on behalf of a public authority**
- **Temporary Measures (that have effect for less than 12 months)**

If your measures fall under one of these categories, they are not RPs, **so you do not need to take any further action.**

If your measures are Regulatory Provisions, proceed to Step 1.2.

## 1.2: Determine whether your regulatory provision is a Qualifying (QRP) or Non-Qualifying (NQRP) Measure

### Troubleshoot: Regulatory Provisions

In determining whether your measures are regulatory provisions or not, the first place to look is to the [BIT Statutory and administrative exclusions guide](#) document. This document provides a summary of the statutory exclusions, along with examples of measures that are and are not excluded.

Once you have created a list of all possible RPs, the next step is to determine which are qualifying (QRP) or non-qualifying (NQRP). To do this, go through your list of RPs, and see which, if any, fall within the administrative exclusions, set out in the [written ministerial statement](#)<sup>4</sup>. The presumption is that RPs will be Qualifying; only those that meet the specific exclusions can be considered for NQRP status.

For a full description of the statutory and administrative exclusions, please see the [BIT Statutory and administrative exclusions guide](#). A concise summary of these exclusions is as follows:

- Administrative exclusions:
  - A. Implementation of new or changed obligations in European Union Regulations, Decisions and Directives or changes to other international commitments and obligations (except gold plating)
  - B. Monopoly Networks (or those with significant market power)
  - C. Price controls (except new controls or removal of pre-existing controls)
  - D. Civil Emergencies
  - E. Fines and Penalties, redress and restitution
  - F. Pro-Competition (where there would be a net cost)
  - G. Regulatory Measures that enable delivery of large Infrastructure Projects
  - H. Misuse of Drugs Act and National Minimum Wage where these follow recommendations
  - I. Systemic financial risk
  - J. Introduction of the National Living Wage
  - K. Changes to Industry Codes (except for regulator action or new legislation)

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<sup>4</sup> [www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-03/HCWS574/](http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-03/HCWS574/)

- Regulator Exclusions

- L1. Casework (specific investigations/enforcement; individual license decisions/advice)<sup>5</sup>
- L2. Education/publicity campaigns, factsheets, helplines (when not a form of guidance)
- L3. Policy development (formal and informal consultations, policy reviews)
- L4. Organisational and management change (except arising from legislation)

If it is an **NQRP**, you *do not need* to conduct a BIT Assessment on it, but must include it in your NQRP Summary (see [Section 3](#)).

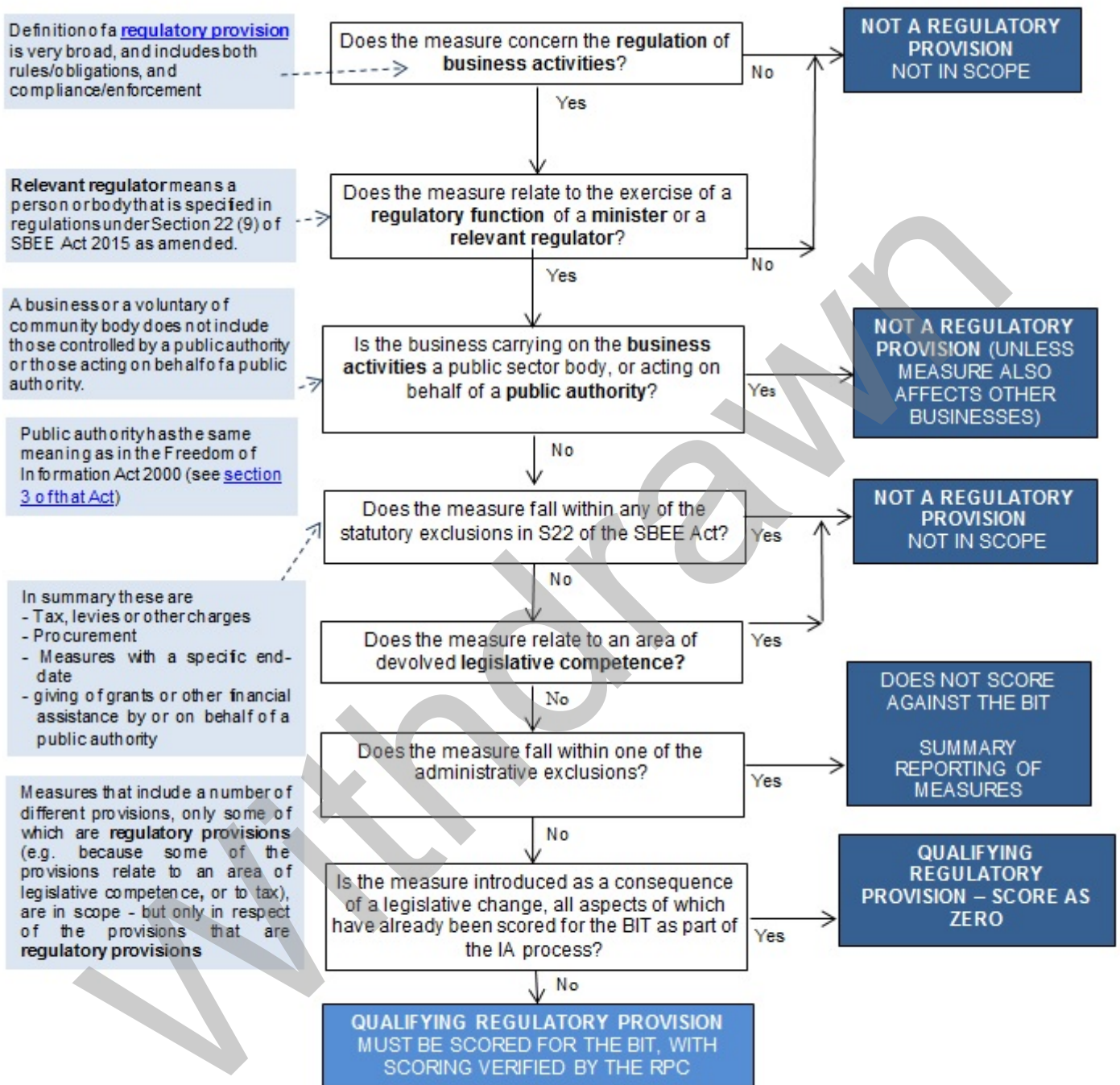
If it is a **QRP**, you *will need to* conduct a BIT Assessment on the provision, proportionate to the impact of the measure (See [Section 3](#)).

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<sup>5</sup> In other words, the usual day-to-day business of the regulator, e.g. licence decisions, investigations, enforcement actions, provided that they are done within the boundaries of the current regulatory framework

The process described above is illustrated in the following flowchart:



## Troubleshoot: NQRPs

In determining which Regulatory Provisions are qualifying or non-qualifying, the best place to start is to look at the [BIT Statutory and administrative exclusions guide](#), which provides a comprehensive overview of the statutory and administrative exclusions underpinning the BIT.

If after reading this document issues around NQRPs are still unclear, or if yours is a borderline case, contact your departmental Better Regulation Unit who may refer the query to the RPC ([regulatoryenquiries@rpc.gsi.gov.uk](mailto:regulatoryenquiries@rpc.gsi.gov.uk)) or BRE ([ian.jenkins@beis.gov.uk](mailto:ian.jenkins@beis.gov.uk)).

The following provides some general rules of thumb that can help one decide whether a provision is qualifying or not:

### How to Classify Guidance?

Exclusion L2 states that:

- *'educational, communications activities, and promotional campaigns by regulators, including media campaigns, posters, factsheets, bulletins, letters, websites, and information/advice helplines'* are excluded from the BIT to the extent that they do not constitute guidance.

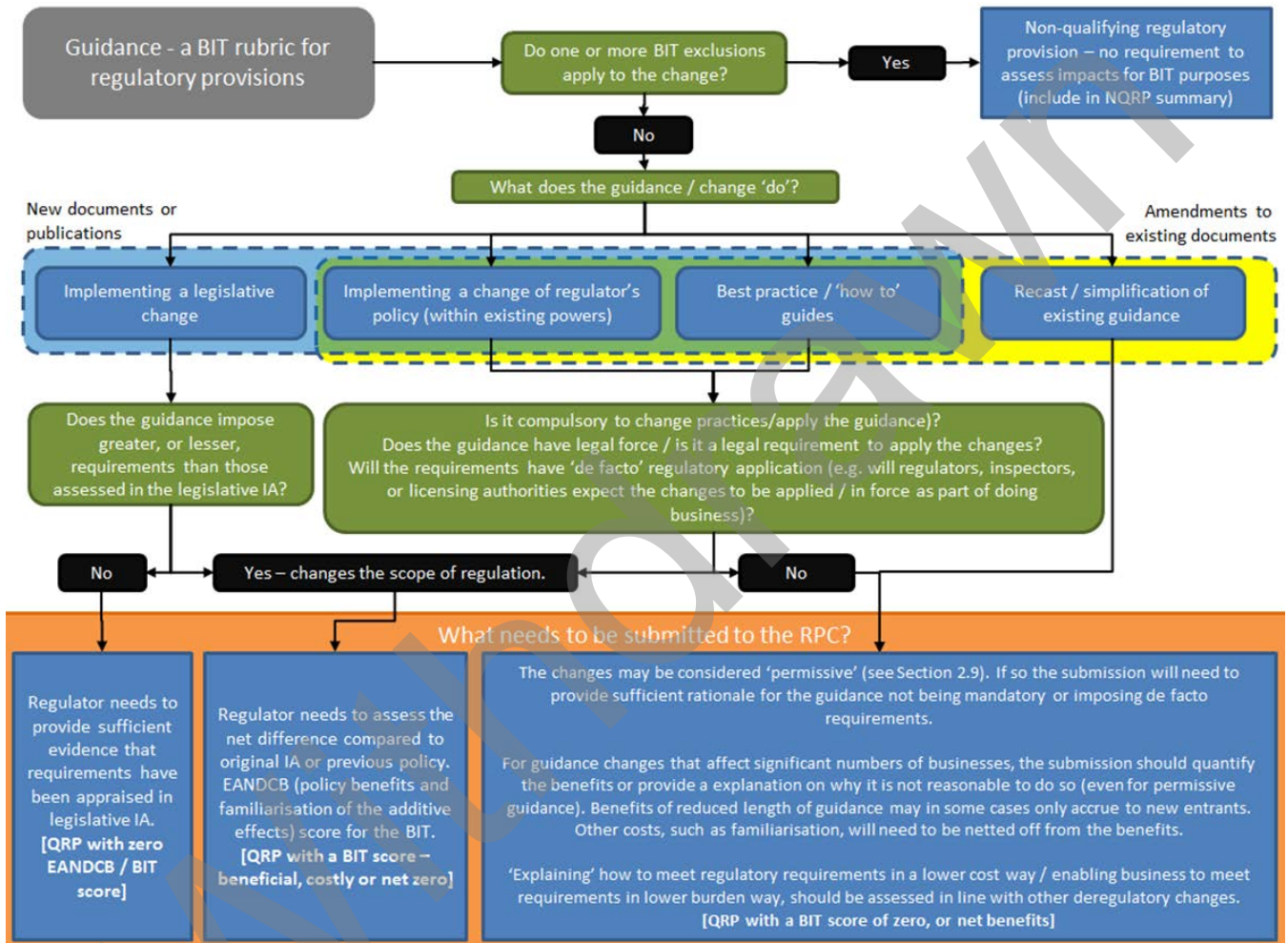
The primary document regarding the classification of guidance is the [Appraisal of Guidance](#), which has been developed by the Regulator Appraisal Subgroup. This is the first port of call to determine whether your measure counts as guidance.

Principles on Guidance:

- There are three stages to consider in order to determine whether a particular piece of guidance is qualifying:
  - The guidance needs to be made under a statutory power conferred on the regulator
  - The guidance needs to set or impose/amend a requirement, set a standard or give some form of guidance to business in relation to a business activity
  - Anything that falls within administrative exclusions such as education, communications or policy development will count as a non-qualifying provisions
- This therefore means that
  - Guidance issued under a statutory power that sets standards or issues guidance for businesses to follow will be considered qualifying unless it is explicitly excluded.
  - Guidance issued to business on how to comply with a statutory obligation on business is also highly likely to be qualifying unless explicitly excluded.
- It is important to distinguish between **information** and **guidance**:
  - Generally, guidance is defined for the BIT as 'information provided to businesses on how to comply with their regulatory obligations.' The key is that it is describing how to comply with these obligations, not just what these obligations are.

- In other words, **information** will simply *describe* or *outline* a certain requirement – factual descriptions of requirements are likely not to be guidance.
- **Guidance** however will generally provide additional interpretation and clarification in terms of *how* to meet a certain requirement on business.

The following flowchart, taken from the Appraisal of guidance, provides a useful tool for assisting regulators in how to approach guidance:



- In order to **quantify** guidance, the following possible sources of data may be useful:

Variable	Source
Number of businesses	Business Population Estimates / Sector data
% of businesses using guidance	Business Perceptions Survey / Sector
£ spent on external consultants	Business Perceptions Survey
Wage of staff reading guidance	Annual Survey of Hours and Earnings (ASHE)
Time spent reading guidance	Possible survey or consultation, trade associations
Time saved on new guidance	Possible survey or consultation, trade associations
Number of times guidance read	Web analytics
Reduction in guidance (pages/words)	Regulator
Speed of reading (words/pages per min)	Various measures

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## Section 2

### BIT assessment and NQRP summary

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#### Intended audience

Individuals who will be writing the BIT Assessments or the NQRP Summary.

## The BIT assessment

### Introduction

Once you have clarified your Qualifying Regulatory Provisions (QRPs) and Non-Qualifying Regulatory Provisions (NQRPs), the next step is to complete BIT Assessments for all QRPs.

To do this, we have provided a [BIT Assessment Template](#) (see [Annex 2](#)) for regulators to use. However, you can use any template that you want, as long as it provides all of the necessary information.

### Important Definitions

**Net Present Value (NPV):** this is defined as the difference between the streams of costs and benefits. The NPV is the primary criterion for deciding whether government action can be justified.

**Business NPV:** the present value of the net impact on business.

**Equivalent Annual Net Direct Cost to Business (EANDCB):** The economic impact of each QRP will be measured according to the Government's chosen metric, the EANDCB. This is the annualised value of the present value of net costs to business.<sup>6</sup>

It is a figure that provides a unique metric created for the measurement of the impact of regulation on business, and can be calculated using the [EANDCB Calculator](#). It is the figure that is reported against the business impact target and, as such, the assessment must provide an estimated figure or a robust discussion of why it is not possible to provide a monetised figure.

**BIT Score:** The BIT Score is the EANDCB calculated for the whole reporting period. Generally, this is equal to the EANDCB x 5.<sup>7</sup>

### 2.1 Complete the Four BIT Assessment Sections

The [BIT Assessment Template](#) has four main sections:

#### 1. Brief outline of proposed new, or amended regulatory activity

- In this section, the main aim is to provide a clear description of what the existing arrangements are and the changes being made.
- The RPC are unlikely to be experts in the area or have existing specialist knowledge, so accessibly outlining the proposed change will be helpful and save time.

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<sup>6</sup> Measured in 2014 prices and with a 2015 present value base year.

<sup>7</sup> To generate the contribution of a measure to the BIT, the EANDCB is multiplied by five, to assess the impact over the first five years for which the measure will be in force, Or, for measures that are in force for less than five years, the sum of the EANDCB over the full lifetime is scored.

## 2. Which types of business will be affected? How many are estimated to be affected?

- This section is an opportunity to provide the estimate of the number of businesses in the regulated market as well as other businesses not immediately captured by the change (to inform the classification of direct vs. indirect impacts)
- Describe how sub-sets of businesses may be affected differently: For example, it could be that 1000 businesses in one sub-sector in an industry of 10,000 businesses will now be exempt from some requirements

## 3. Impact to business and description of costs and benefits

- See BIT Assessment Step-by-Step to completion for in-depth guidance on completing this section.
- This is the section to describe how the Business NPV, EANDCB, and BIT Score metrics have been derived.
- It should describe all of the impacts on business, identify which impacts are direct, and monetise the direct impacts where possible and proportionate to do so.
- The main steps to be taken for this section are to:
  1. List all possible business impacts
  2. Determine which are Direct/Indirect
  3. Quantify and Monetise the Impacts
  4. Calculate the Overall Impact of the Measure

## 4. Additional Information

- This section can be used to set out data limitations or approach to proportionality.
- If you haven't already done so within the analysis, you should seek to explain any assumptions used, what is the basis and why the assumptions should be considered reasonable.

## 2.2 Troubleshoot: BIT Assessments

When the RPC assesses the regulator BIT Assessments, they will give either:

- a **“fit-for-purpose”** assessment – meaning the assessment is sufficient and acceptable – or
- an **“Initial Review Notice”** (IRN), meaning the assessment has not been verified and that there are issues that need to be addressed to enable the impacts to be verified.

### BIT Best Practice:

RPC states that qualifying regulatory provision assessments should always:

- Explain what problem the proposal is seeking to address;
- Explain how the interventions would address the problem, and what business will need to do differently; and

- Provide adequate level of the analysis of the impacts of the proposal.

The following table provides an overview of a few of the most common pitfalls to be avoided in the BIT Assessment, along with some advice as to how to avoid these:

Problem:	Solution:
Unjustified Assumptions	<p>Ensure that you make explicit all of the assumptions that you have made in your assessment. In particular, always say what an assumption is based on and why it is considered reasonable.</p> <p>You should avoid making ‘finger in the air’ assumptions as far as possible – or, where you do this, you need to justify why your estimate is reasonable.</p>
Missing Costs	<p>Ensure that all potential costs are accounted for. It is a good idea to write down all the potential ways in which a business might be impacted by the change then consider whether the costs are likely to be incurred in reality.</p>
Familiarisation Costs	<p>This is linked to the point on missing costs. As opposed to only considering the costs incurred in complying with a new regulation, you should also consider the time it will take a business to read about and understand what is required to comply.</p> <p>Ensure that you always consider whether familiarisation costs will be incurred (they will be in the large majority of cases).</p>
EANDCB Calculation	<p>Ensure that you have correctly categorised costs and benefits as direct or indirect. Where you are unsure, you can discuss direct/indirect boundary issues with the RPC prior to submission.</p> <p>The <a href="#">EANDCB Calculator</a> provides a useful tool to assist with calculating the EANDCB score.</p>
Counterfactual	<p>Ensure that you provide a paragraph or two outlining what the counterfactual to your proposal is.</p> <p>The baseline scenario should be a realistic version of what would happen in the absence of the policy.</p> <p>Do not assume that the counterfactual is simply that what happens today will continue to be the case. The counterfactual should take account of current trends and other interventions in a specific scenario to give an accurate account of the additional impact of the regulatory proposal.</p>

### How does the RPC focus their scrutiny?

The role of the RPC is to provide an independent view as to whether your BIT assessment provides proportionate analysis of the estimates of the likely impact on business.

In order to do this, the RPC needs to have:

- A plain English description of what your measure will do; what part of the regulatory framework are you changing; what happens currently and what will businesses now have to do differently going forward (relative to the counterfactual)
- What businesses will have to (or are expected to) do to comply with the new rule – and how do they do this?
- What will the businesses directly have to do – firstly there will generally always be a consideration of familiarisation costs. Second, what are the compliance activities and how much will these cost? How often will the costs be incurred, e.g. one-off change of new equipment or annual compliance with a new inspection?
- Will other businesses be impacted more widely – knock-on effects, e.g. competition. How will these indirectly affected businesses feel the impact (for smaller measures, you can describe this in one line).

Is the case robust enough, and evidence strong enough, that the RPC can say to business stakeholders – ‘yes, this regulator has done a good job of assessing the impact on you’.

### On Proportionality:

It is important that regulators put a proportionate amount of time and resource into the BIT Assessment. Many regulators’ QRPs will mostly be small measures, and it is important to ensure that appropriate effort is applied to these smaller assessments.

The main points from [RPC’s guidance on proportionality](#) are summarised below.

Proportionality *is* about:

- Gauging the appropriate amount of resource to invest in gathering and analysing data for an impact assessment
- Gauging the amount of evidence you need to support your conclusion – a degree of analysis and evidence is *always* needed
- If your evidence is strong, you can naturally put less effort into your assessment
- Where your evidence is not strong – this is where proportionality considerations could come into play in terms of the effort you put into getting better estimates.
- For example: if you have used a lot of assumptions, in a high impact case we would hope you would use some sensitivity analysis around those assumptions, but in a low impact case, where the sensitivity might only show a range of £0.1m either way, that is less necessary.

- If your measure affects a large number of businesses at a significant level, it seems more reasonable that you should have attempted to get evidence from stakeholders or tested your assumptions with them.

Proportionality is **not** about:

- A word or page count – although this can be a good guide (as we wouldn't expect to see a very long or detailed submission on relatively low impact cases), we don't think it would be useful to specify a particular page length.
- Even for very large measures, we encourage succinct plain English descriptions of a proposal.

Example QRP Assessments:

The following example Assessments have been completed and validated by the RPC and are available on the BRE external collaboration Alfresco site.

- Maritime and Coastguard Agency (MCA) – High Speed Offshore Service Craft
  - [BIT Assessment](#)
  - [RPC Opinion](#)
- Veterinary Medicines Directorate (VMD) – Review of approach to issuing animal test certificates for veterinary medicines
  - [BIT Assessment](#)
  - [RPC Opinion](#)

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## The NQRP summary

### Introduction

If your organisation has any measures that are NQRPs for BIT purposes, you will need to create and submit an NQRP summary annually. This should be recorded centrally within your organisation on the summary list of NQRP measures for the relevant BIT reporting period.

The NQRP Summary should include a summary list of all NQRPs that have come into force, ceased to be in force, or have changed during the BIT Annual Reporting Period.

### 2.3 Clarify which exclusion your NQRPs fall under

For a Regulatory Provision to be an NQRP, you will have determined that it is exempt under a specific administrative exclusion set out in the Written Ministerial Statement. For a brief overview of administrative exclusions, see [Section 1.2](#). For a full description of BIT exclusions, see the [BIT Statutory and administrative exclusions guide](#).

If you are still unsure which exclusions your measures fall under, contact the RPC secretariat or the BRE.

### 2.4 Decide how to capture any of the additional information needed for NQRP reporting

The requirement under the BIT is for summary reporting of NQRPs. For certain excluded categories – such as A, B, C, F and I – it is good practice to provide narrative description of any significant measures. This will help provide greater transparency and assurance that BIT exclusions are being applied consistently and appropriately.

In order to achieve this, many regulators collect some of this information already, and where this is available then it should be relatively straightforward and helpful to include.

However, we wouldn't want this process to lead to vast quantities of additional data collection. NQRP reporting is intended to be of a summary nature for transparency purpose and we encourage regulators to adopt a proportionate approach.

### 2.5 Create the NQRP Summary

Once you have completed sections 2.3 and 2.4, it will next be necessary to create the NQRP summary.

The NQRP Template, found in [Annex 3](#) provides an example of how to complete this summary.

For each excluded category, first list the name of the category, and then for each category, include a summary of the measures, including a short narrative on the most significant measures.

## 2.5 Troubleshoot: NQRP Summaries

Based on the NQRP Summaries that have been received up to this point, the RPC has produced guidance on a few of the main issues that arise when regulators submit their NQRP summaries:

Problem:	Solution:
Leaving NQRP Summary sections blank	<p>Be sure to state 'no new activities/actions' under those NQRP categories in which you have taken no action. This reassures the Committee that you have considered each of the NQRP exclusions in turn and that you are unlikely to have missed anything.</p> <p>Blank spaces mean the committee feel they have nothing to provide assurance on. Stating explicitly that "there is nothing to report", however, means the Committee will be more comfortable that you have assured yourselves of the facts before committing to publish the comment.</p>
Some activities listed under casework could include discretionary actions which change the costs/benefits imposed on business and are therefore qualifying regulatory provisions.	<p>In the NQRP summary, include a statement in this section saying 'no activities listed in this section represent a change in the burden of regulation placed on business, except where these result from a separate qualifying regulatory provision that has been assessed'.</p>
In NQRP Summary, nothing listed in one or more of 'casework', 'education and communications' and 'activities related to policy development'.	<p>Nearly all regulators should have some provisions in each of these sections. If you genuinely don't, include a sentence or two explaining why in each section. This is to provide assurance that no activity has been inappropriately excluded.</p> <p>The key is to explain your activities whilst making clear that none of the activities listed represent a change in the burden of regulation placed on business or a new regulatory standard that businesses will be expected to follow.</p>
Some activities listed under education and communications could create new regulatory standards for business and are therefore qualifying regulatory provisions.	<p>Include a statement in this section confirming that 'none of the material produced creates a new regulatory standard that businesses will be expected to follow and attendance at educational and promotional events is not compulsory'.</p>
Not clear whether implementation of changes of European/International origin may contain gold-plating and are therefore only partially NQRPs.	<p>Include a statement in this section confirming that 'none of the changes of European/International origin place additional burdens on business beyond those required under legislation of EU or international origin (i.e. no gold-plating has occurred)'.</p>
Not clear whether changes to industry codes have not been entirely driven by industry and are therefore QRPs.	<p>Include a statement in this section confirming that 'all of these changes have been completely driven by industry/trade bodies etc. and not by us'.</p>



### **Example NQRP Summaries**

The following are completed and accepted NQRP Summaries from the 2015-16 reporting year available on the BRE external collaboration alfresco site:

- [Veterinary Medicines Directorate \(VMD\)](#)
- [UK Space Agency \(UKSA\)](#)
- [Rural Payments Agency \(RPA\)](#)
- [Medicines and Healthcare Products Regulatory Agency \(MHRA\)](#)
- [Maritime and Coastguard Agency \(MCA\)](#)
- [DECC Internal Regulators](#)
- [Claims Management Regulator \(CMRU\)](#)
- [Animal and Plant Health Agency \(APHA\)](#)

Withdrawn

## Section 3

### Organisational readiness, RPC submission, and publication

#### Intended audience

Individuals who will be implementing the BIT (overseeing the process, doing quality assurance checks, submitting to RPC)

## Organisational readiness

Throughout the process of BIT Implementation, it is vital to pay attention to issues of how ready your organisation is to implement the BIT. Working with the Payment Systems Regulator, BRE have developed a number of questions that are intended to focus your attention on the necessary steps and actions that could assist with the implementation process.

### 3.1 Ensure that you have paid attention to issues of Organisational Readiness

#### Pre-Assessment:

1. How aware of the BIT is my organisation? How can I increase the awareness and understanding of the BIT within my organisation?
  - This can be done, for example, by: publishing internal guidance; amending procedures and processes; conducting staff training
2. Have I developed processes to engage with businesses in order to help gather the necessary information to compile assessments? Have I identified existing consultation/engagement that we can use for evidence gathering?
3. What can I do to reduce senior leadership apprehension regarding the Business Impact Target?
  - Senior leadership apprehension can be somewhat ameliorated by early engagement with BRE/RPC and by embedding BIT requirements within the organisation's processes and procedures.
  - However, it may take the successful negotiation of the first publication round and associated public scrutiny to build leadership confidence.

#### Throughout Assessment:

4. How can I develop and implement systems and processes which:
  - a. Record and track RPs? For example, have you included a consideration of QRP/NQRP rating and rationale at the point of project approval?
  - b. Provide an **internal challenge function** to assess whether measures are qualifying or non-qualifying?
  - c. Record resource requirements for assessments, in order to ensure that effort and time spent is proportionate, and to ensure accountability to regulated entities.
  - d. Complete the necessary BIT Assessments?
  - e. Complete NQRP summaries?

## RPC submission

Once you have completed your QRP assessment it needs to be submitted to the Regulatory Policy Committee to verify the BIT score. The RPC has provided [Advice to Regulators](#) on this process.

Please note that, unlike Departmental submissions, regulator QRP assessments do not generally have to go to the RPC to be verified before a change is implemented. The QRP submission can be done after the change is implemented.

### The Basics:

#### Who are the RPC?

The Regulatory Policy Committee (RPC) provides the Government with external, independent scrutiny of the evidence supporting new regulatory and deregulatory proposals. This is intended to support the Government in delivering better and smarter regulation, through improving the use of evidence and analysis in regulatory policy-making.

The RPC has been appointed as the 'independent verification body', under the Small Business, Enterprise and Employment Act 2015, meaning that the RPC will be responsible for verifying that Departmental and Regulator estimates of the impacts on business from new regulatory and deregulatory proposals are robust.

#### What does the RPC do?

The RPC has statutory responsibility for **verifying the impacts of all the qualifying regulatory provisions (QRPs)** that will count towards the business impact target ('BIT scores') from both government departments and regulators.

For **NQRPs**, the RPC are required to confirm that government departments' and regulators' assessments of those measures as NQRPs are correct.

#### What do I need to send to the RPC?

Regulators will need to have the following verified by the RPC:

- **BIT Assessment for all QRPs**
- **NQRP summary**

#### Bundling and Grouping

We believe that time savings could be made by:

- **Bundling** small, straightforward or regular changes together
- **Grouping** related changes to enable them to be considered together.

While there is no specific method to the best way to do this, we recommend that bundling and grouping can be applied as far as it is sensible to do so based on:

- How closely related the measures are;
- Whether the measures affect the same group of businesses;
- Whether it is analytically sensible to look at the impact of the measures together;
- Whether economies of scale (in terms of drafting) can be achieved by considering the measures together.

### How will the RPC score my BIT assessment?

Once you have submitted your assessment, the RPC will scrutinise whether the BIT Assessments that underpin BIT Scores for QRPs are considered fit for purpose by issuing an ‘opinion’. This opinion will either be:

- “Fit-for-purpose” – this means that the Assessment is accepted and satisfactory.
- “Initial Review Notice (IRN)” – this means that the RPC has not verified the QRP and shows that there are issues that need to be addressed to enable the impacts to be verified.

### 3.2 Perform Quality Assurance checks for BIT Assessments

Once the BIT Assessment has been completed, you may find it useful to engage in Quality Assurance checks before submitting to the RPC:

1. Ensure that the BIT Assessments are both **sufficient** and **proportionate**.
  - Sometimes these can seem like conflicting priorities, but there is a balance that can be struck between overdoing assessments and utilising a proportionate amount of resource.
  - To ensure the BIT Assessments are sufficient and proportionate, see the “BIT Best Practice Guidance” in [section 2.2](#).

### 3.3 Get in Touch

If there are any outstanding issues regarding your BIT Assessments or NQRP summaries that the existing guidance has not clarified for you, it is advisable to get in touch with your parent department’s Better Regulation Unit (BRU), or the Better Regulation Executive.

#### Pre-submission meetings with the RPC Secretariat:

- A meeting with the RPC provides an opportunity for regulators to discuss and provide information on any potential challenging issues.
- However, it is important to bear in mind that any views or comments provided by the RPC secretariat can only be advisory. The Committee’s decisions will be based only on the submitted assessment. The Secretariat cannot agree or confirm any particular position in advance of the assessment being considered by the Committee.

### 3.4 Submit QRP Assessment and draft NQRP Summary to RPC

Once you have finalised your BIT Assessment or draft NQRP summaries, it is now time to submit them for RPC Scrutiny.

#### How to Submit

- Send your submission to [regulatoryenquiries@rpc.gsi.gov.uk](mailto:regulatoryenquiries@rpc.gsi.gov.uk)

#### When to Submit

- QRP Assessments can be submitted to the RPC as soon as they are complete. The same applies for NQRP Summaries. Many regulators are already sending BIT Assessments to the RPC.
  - Good practice recommends that the earlier your submission is prepared and submitted to the RPC the better.
- The BIT Statutory Guidance gives a deadline of 8 weeks before the end of the BIT Annual Reporting Period (**31st March 2017**) by which all assessments must be submitted to RPC. Submissions received before this date will be processed before the 9th June deadline, even where issues are identified that require a resubmission.
- Beyond this date, RPC will accept submissions up to **28th April 2017**. However, at this point the RPC cannot guarantee that it will be able to process everything submitted at this time.
- In order to help RPC manage its workload, regulators are encouraged to batch their QRP assessments and NQRP summaries on a quarterly or semi-annual basis.
- The RPC will aim to provide a response to the assessment within 30 working days of submission.

### 3.5 If necessary, alter assessment based on RPC feedback

If the RPC responds with a green/“fit-for-purpose” opinion, you do not generally need to take any further action on that assessment. However, the RPC will often provide comments on how things could be improved, and these should be taken on board for future assessments.

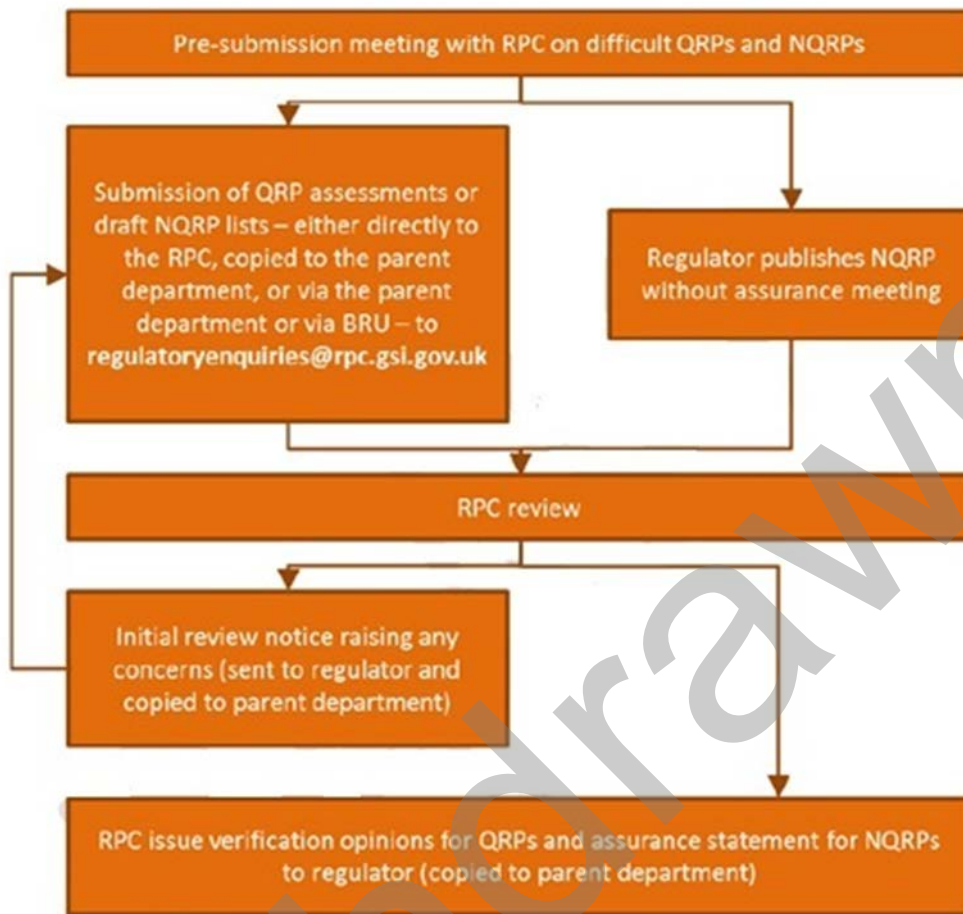
If the RPC responds with an IRN, you will need to alter your assessment based on their feedback, and resubmit to them with an edited assessment.

If you receive an IRN, the RPC requests that you respond within 15 days, or to inform them if you need longer.

#### Post-IRN meetings

- If you receive an IRN, it is highly recommended that you seek an opportunity to meet with the RPC secretariat post-IRN.
- This is the secretariat’s chance to give you feedback as to why the committee made its decision.

## RPC Scrutiny Process Flowchart



Are there any examples of cases submitted to the RPC?

- The RPC has provided a number of validated BIT Assessments to assist regulators:
  - Maritime and Coastguard Agency (MCA) – High Speed Offshore Service Craft
    - [BIT Assessment](#)
    - [RPC Opinion](#)
  - Veterinary Medicines Directorate (VMD) – Review of approach to issuing animal test certificates for veterinary medicines
    - [BIT Assessment](#)
    - [RPC Opinion](#)

Additional Materials on RPC Scrutiny:

- [RPC advice for regulators](#)
- [RPC Case Histories for Regulators](#)

## Publication

Once you have completed all of the above steps, the final stage of the BIT process is to publish your documents.

### 3.6 Publish BIT Documents on your website or GOV.UK

#### What do I have to report?

Regulators are required to publish:

- A **list** of all RPC-validated QRPs, with the relevant BIT score attached to them
- A validated summary list of NQRPs

While there is no **legislative requirement** to publish the actual BIT Assessments or RPC Opinions for your measures, for transparency purposes it is considered **best practice** that you do publish these at regular intervals following RPC assessment.

#### When do I have to report?

Regulators are required to publish the required documents on their website (or via other agreed means) by **9th June 2017**.

Regulators are recommended to have submitted their qualifying assessments and the summary of non-qualifying measures to the RPC by 31st March 2017, although the RPC will continue receiving submissions until 28th April 2017.

#### What sort of publication do I have to make?

This requirement to “publish” your documents can be met by publishing on your website or on GOV.UK as appropriate.

#### What will the Government publish?

Government will report its performance against the BIT in its annual report, which will be laid before parliament. Information provided by regulators will appear in this annual report.

#### What will RPC Publish?

RPC plans to publish in batch “fit-for-purpose” RPC opinions that they have received.

They will not publish “Initial Review Notices”.

In the extreme case in which a second red is received following an “Initial Review Notice”, RPC would expect to publish the Opinion, but would discuss with the regulator beforehand.



## Section 4

Reducing regulatory burdens: where do we go from here?

### Intended audience

Individuals who will be implementing the BIT, as well as those with responsibility for better regulation more widely within their organisations.

## Reducing regulatory burdens: where do we go from here?

### Overview

The Business Impact Target is intended to provide incentive to reduce the regulatory burden on business. In addition to the BIT, the better regulation agenda also aims to drive a cultural change in regulators by **embedding** the goals of better regulation within the processes of regulatory activity.

BRE have developed a supporting tool, the Better Regulation Toolkit, to assist regulators in implementing this process.

More widely, the Cabinet Office has produced a document on the Regulatory Futures Review, which seeks to identify sources of burdens on regulators, opportunities to achieve improvements in operating efficiency, and to develop a taxonomy of effective regulatory delivery models.

### 4.1 Better Regulation Toolkit

The first of these is the [Better Regulation Alternatives Toolkit](#), which is aimed principally at officials who need to consider how the actions of their Departments and the wider family of regulators contribute to their Department's Deregulatory budget and the wider BIT.

This toolkit has therefore been developed in order to provide colleagues with a variety of sources of information, advice, case studies and templates designed to help with tackling the stock of regulation and its enforcement.

The toolkit contains:

- A basic checklist to follow when thinking about the range of costs to business of existing regulation and the way it's enforced/delivered.
- A suggested set of structured questions that any review of the activities of regulators, and their impact on business, could follow, including case studies of successful recent reforms.
- Some suggested alternative approaches to running reviews to find deregulatory and enforcement burdens on business, drawing on recent examples; and suggested approaches to engaging with business and thinking about alternatives to regulation.

## 4.2 Regulatory Futures Review

The [Regulatory Futures Review](#) (published 10 January 2017) explores opportunities to make regulatory delivery more efficient. It was commissioned by the Cabinet Office (CO) and led by a Steering Group of regulators. The Report's key recommendations include:

- Moving towards greater 'regulated self-assurance,' underpinned by full-cost recovery charging for regulatory activities
- Examining the feasibility of establishing a 'Hub' to improve intelligence and data sharing between regulators

BRE, together with regulators, to consider how burdens on smaller regulators might be made more proportionate.

Withdrawn

Annexes

Withdrawn

# Annex 1: Summary of sources of guidance

## Guidance for Regulators

### [BIT Assessment Calculation: Step-By-Step Guide](#)

This document was compiled by combining information from the [BIT Assessment Training Slides](#) (on the BRE external collaboration alfresco site) and the [RPC Advice to Regulators](#) in order to provide a practical guide to completing the EANDCB calculation. This document will be most useful for analysts, and those actually performing the BIT score calculations.

### [RPC Advice to Regulators](#)

This document provides basic guidance from the RPC on many of the basics of BIT implementation, including the role of the RPC, how submissions are assessed and verified, and principles on proportionality.

### [RPC Case Histories for Regulators](#)

This document compiles together a number of past RPC decisions that are considered to demonstrate the practical application of a principle explained in the Better Regulation Framework Manual (BRFM) or other relevant guidance. This document is focused primarily on legislative activity, although may be of some use to regulators.

### [BIT Statutory and administrative exclusions guide](#)

This document covers all of the statutory and administrative exclusions for regulatory measures.

### [Appraisal of Guidance](#)

This document is a summary of the conclusions of the Regulator Appraisal Subgroup (RAS), regarding methodological and appraisal issues around guidance. It defines 'guidance', sets out some overarching issues related to the appraisal of guidance, and deals with the appraisal of both new and existing guidance.

### [BIT Statutory Guidance](#)

This document is aimed at policy-makers, analysts and lawyers in regulators and Government departments to enable them to fulfil their duties efficiently and effectively. It provides an overview of the responsibilities of regulators, and how to meet these obligations effectively.

### [Better Regulation Alternatives Toolkit](#)

This document has been developed in order to provide colleagues with a variety of sources of information, advice, case studies and templates designed to help with tackling the stock of regulation and its enforcement.

## Tools for Regulators

### [EANDCB Calculator](#)

This tool has been developed to assist regulators in calculating the EANDCB score of their measures.

### [Business Impact Target Qualifying Regulatory Provisions \(QRP\) assessment template](#)

This is the suggested template to be used for submitting BIT Assessments for QRPs. If a regulator wishes to use a different template they may, as long as they include all of the necessary information.

## Examples

### **Example Assessments and RPC Opinions:**

- [MCA Assessment](#)
- [MCA RPC Opinion](#)
- [VMD Assessment](#)
- [VMD RPC Opinion](#)

### **NQRP Summaries (2015-16):**

- [Veterinary Medicines Directorate \(VMD\)](#)
- [UK Space Agency \(UKSA\)](#)
- [Rural Payments Agency \(RPA\)](#)
- [Medicines and Healthcare Products Regulatory Agency \(MHRA\)](#)
- [Maritime and Coastguard Agency \(MCA\)](#)
- [DECC Internal Regulators](#)
- [Claims Management Regulator \(CMRU\)](#)
- [Animal and Plant Health Agency \(APHA\)](#)

# Annex 2: BIT assessment template

## Regulator Assessment: Qualifying Regulatory Provisions

Title of proposal	
Lead Regulator	
Contact for enquiries	

Date of assessment	
Commencement date	
Origin	Domestic/EU/International (delete as appropriate)
Does this include implementation of a Cutting Red Tape review?	
Which areas of the UK will be affected?	

### **Section 1: Brief outline of proposed new or amended regulatory activity**

See the 'Quick-Start Guide for regulators on how to complete the four sections of this Assessment.

In section 1, please briefly describe and explain what the existing arrangements are, the changes being made to those arrangements and what the changes are seeking to achieve.

### **Section 2: Which type of business will be affected? How many are estimated to be affected?**

### **Section 3a: Summary of costs and benefits**

Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score

**Section 3b: Please set out the impact to business clearly with a breakdown of costs and benefits**

*Please briefly describe the impact of the regulatory change. Include estimates of all financial costs and benefits where possible, analysed by one-off costs and benefits and annual costs and benefits, indicating how these change over time by the main affected group. Please also describe any impacts that cannot be monetised. Please consider for instance:*

- *Transitional costs (e.g. changes to systems, training)*
- *Regulatory uncertainty (e.g. whilst awaiting a regulator's' decision)*
- *Impact on access to markets (e.g. consistent approach with other EU regulators)*
- *Impact on business confidence/perceptions*
- *Impacts on different types and sizes of business (particularly smaller businesses)*

*Please give an estimate of the total annual direct financial costs or benefit to business. Please refer to the 'Step-by-step guide to completion' for more information.*

*It is expected that the extent of assessment will be proportionate to the impact of the measure under consideration. See the Proportionality Guidance for regulators. As a rule of thumb, we would expect that the majority of assessments would not extend beyond 3 pages.*

**Please provide any additional information (if required) that may assist the RPC to validate the BIT Score**



# Annex 3: NQRP summary template

Regulator:

Business Impact Target Reporting Period Covered:

Excluded Category*	Summary of measure(s), including any impact data where available**
A – EU and International	<p>Summary of measures, including short narrative on the most significant measures</p> <p>Example: We have implemented 5 EU Regulations, of which the most significant were X and Y. We have also implemented 27 minor updates to international standards in areas A and B.</p>
B – Economic Regulation	<p>Summary of measures, including short narrative on the most significant measures</p> <p>Example: We have made 3 amendments to our general network access conditions, of which the most significant was Z.</p>
C – Price Control	<p>Summary of measures, including short narrative on the most significant measures</p> <p>Example: We have changed the minimum unit price for alcohol from X to Y, with an estimated impact to business of £Xm.</p>
D - Civil Emergencies	<p>Brief summary of measures</p> <p>Example: We imposed 13 animal movement bans in relation to the outbreak of foot and mouth disease in the Norfolk area.</p>
E – Fines and Penalties	<p>Brief summary of measures</p> <p>Example: We introduced a new redress scheme relating to X under S404 FSMA</p>
F – Pro-Competition	<p>Summary of measures, including short narrative on the most significant measures</p> <p>Example: We have introduced three measures that implemented CMA remedies in the retail sector. These measures all met the BIT pro-competition criteria and increased the net direct burden of regulation. The most significant measure was X</p>
G – Large Infrastructure projects	<p>Brief summary of measures</p>
H – Misuse of Drugs/National Minimum Wage	<p>Brief summary of measures</p>
I – Systemic Financial Risk	<p>Summary of measures, including short narrative on the most significant measures</p>
K – Industry Codes	<p>Brief summary of measures</p> <p>Example: We worked with industry on a number of revisions to the Electricity Market Codes.</p>

Excluded Category*	Summary of measure(s), including any impact data where available**
L1 – Casework	<p>Brief summary of measures, numerated where information is available in relation to enforcement activity</p> <p>Example: We issued almost 9400 Enforcement Notices in 2014/15, including circa 6270 Improvement Notices and over 3100 Prohibition Notices. 582 prosecution cases were also completed in the period. In addition, we made 37 specific licencing changes.</p>
L2 – Education, communications and promotion	<p>Brief summary of measures</p> <p>Example: We undertook 7 education roadshows for business, and established a dedicated helpline for businesses in relation to Y. In addition to our general information and promotional material we made businesses in X sector aware of recent legislative changes by letter.</p>
L3 – Activity related to policy development	<p>Brief summary of measures</p> <p>Example: We undertook 3 policy reviews in relation to X, Y and Z and issued 5 consultations.</p>
L4 – Changes to management of regulator	<p>Brief summary of measures</p> <p>Example: We moved our head office from Oxford to Cambridge, as part of our wider strategy to improve our focus on delivery. In addition, we combined our inspection teams in the North East under a single Lead to improve operational targeting.</p>

\*complete the summary box as 'following consideration of the exclusion category there are no measures for the reporting period that qualify for the exclusion' where this is appropriate

\*\* For certain excluded categories - such as A, B, C, F and I, it is good practice to provide narrative description of any significant measures. This will help provide greater transparency and assurance that BIT exclusions are being applied consistently and appropriately.

## Annex 4: List of acronyms

<b>BIT:</b>	Business Impact Target
<b>BRE:</b>	Better Regulation Executive
<b>BRFM:</b>	Better Regulation Framework Manual
<b>BRU:</b>	Better Regulation Unit
<b>EANDCB:</b>	Equivalent Annual Net Direct Cost to Business
<b>IRN:</b>	Initial Review Notice
<b>QRP:</b>	Qualifying Regulatory Provision
<b>NPV:</b>	Net Present Value
<b>NQRP:</b>	Non-Qualifying Regulatory Provision
<b>RP:</b>	Regulatory Provision
<b>RPC:</b>	Regulatory Policy Committee
<b>SBEE:</b>	Small Business, Enterprise and Employment Act 2015

Withdrawn

## Annex 5: Glossary of terms

**Alfresco:** Online portal used by BRE, regulators and departments to share documents related to BIT Implementation for Regulators. Please contact BRE if you need access to this portal.

**Better Regulation Executive (BRE):** Unit reporting to BEIS ministers that leads the deregulation agenda across government.

**Better Regulation Unit (BRU):** Individual departmental teams responsible for promoting the principles of good regulation and advising departmental policy makers.

**Better Regulation Toolkit:** This resource provides Policy and Regulator colleagues with a variety of sources of information, advice, case studies and templates designed to help with tackling the stock of regulation and its enforcement. The toolkit is also a useful resource for regulators who want to gain a better understanding of the Principles of Better Regulation.

**Business Activities:** Business activities means any activities carried on: (a) by a business for the purposes of the business, or (b) by a voluntary or community body for the purposes of the body.

**Business Impact Target (BIT):** The Secretary of State for Business, Energy and Industrial Strategy has a duty to publish a BIT under section 21 of the Small Business, Enterprise and Employment Act 2015. The BIT relates to the economic impact on business of qualifying regulatory provisions that come into force, cease to be in force or are changed during a BIT annual reporting period (“QRPs”). The BIT concerns the regulatory activities of central government departments and relevant regulators, in areas that are reserved to the UK Parliament.

**BIT Assessment:** For all QRPs, you must complete the BIT Assessment and submit it to the RPC. The BIT Assessment should include details on the regulatory activity that you are undertaking, as well as a final EANDCB score for the impact of the measure. BRE has provided a [BIT Assessment Template](#) for regulators.

**BIT Score:** A figure showing the economic impact on Business made in accordance with the BIT methodology. For permanent measures, this is the equivalent annual net direct cost to business (EANDCB) multiplied by five. For temporary measures (longer than 12 months), this is the EANDCB multiplied by the duration of the measure.

**Equivalent Annual Net Direct Cost to Business (EANDCB):** The annualised value of the present value of net costs to business, calculated with reference to the counterfactual. This is the value that is validated by the RPC for the BIT Assessments.

**Fit for purpose:** A 'green' rating from the Regulatory Policy Committee (RPC), indicating that the analysis in the policy and calculations of the business impact meets an acceptable standard.

**Initial Review Notice (IRN):** A 'red' rating from the Regulatory Policy Committee (RPC), meaning the assessment has not been verified and that there are issues that need to be addressed to enable the impacts to be verified.

**Qualifying Regulatory Provision (QRP):** Regulatory provisions which the Secretary of State for Business Innovation and Skills determined are to be qualifying regulatory provisions for the purposes of section 21(1)(a) of the Small Business, Enterprise and Employment Act 2015.

**Net Present Value (NPV):** The difference between the Present Value of a stream of costs and a stream of benefits.

**Non-Qualifying Regulatory Provision (NQRP):** A regulatory provision which is not a qualifying regulatory provision. See [BIT Statutory and Administrative Exclusions Guide](#) for a detailed list of NQRP exclusion categories.

**Non-Statutory Regulators:** Regulators that operate in the name of a minister of the Crown and do not have a separate statutory existence.

**Regulatory Provision (RP):** A statutory provision<sup>8</sup> which imposes or amends requirements, restrictions or conditions, or sets or amends standards or gives or amends guidance, in relation to a business activity (see above definition); or relates to the securing of compliance with, or the enforcement or, requirements, restrictions, conditions, standards or guidance which relate to a business activity.

A regulatory provision does not include a statutory provision that makes or amends a provision:

- i) Imposing, abolishing or varying any tax, duty, levy or other charge, or
- ii) In connection with provision falling within sub-paragraph (i);
- iii) In connection with procurement;
- iv) In connection with the giving of grants or other financial assistance by or on behalf of a public body;
- v) Which is to have effect for a period of less than 12 months.

**Regulatory Policy Committee (RPC):** The RPC is the Government's appointed independent verification body. The RPC scrutinise assessments of proposed changes to regulation.

**Secondary Legislation:** An alternative term for subordinate legislation ([Section 21\(1\) of the Interpretation Act 1978](#)) e.g. statutory instrument or commencement order.

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<sup>8</sup> A statutory provision is defined in Sections 21 and 23 to 25 of the Small Business Enterprise and Employment Act 2015

**Statutory Regulators:** A body that is a legally separate entity to UK Ministers that carries out functions that regulate business and/or the voluntary and community sector. In the vast majority of cases these will be bodies that are established under statute. However, given the wide array of regulatory bodies, this category also includes a small number of bodies that have been established either as a company or by Royal Charter rather than by statute.

Withdrawn

## Annex 6: Contact details

BRE:

[paul.edens@beis.gov.uk](mailto:paul.edens@beis.gov.uk)

[ian.jenkins@beis.gov.uk](mailto:ian.jenkins@beis.gov.uk)

RPC:

[regulatoryenquiries@rpc.gsi.gov.uk](mailto:regulatoryenquiries@rpc.gsi.gov.uk)

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