Department for
Business, Energy
& Industrial Strategy

Challenges businesses face when complying with regulation

Research report

INDUSTRIAL STRATEGY

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Executive Summary

Background and method

This research sought to gain an understanding of the impact of regulation on businesses across all sizes, sectors and regions. The research looked at both positive and negative impacts and sought to understand what Government can do to improve the experience of implementing regulations. This research will contribute to the creation of a new Business Impact Target (BIT). The BIT concerns the economic impact of regulation on businesses and is a cross-government target for the reduction of regulation on business.

A total of 50 telephone depth interviews were conducted with businesses of varying sizes and across each business sector within the UK. The interviews covered views about regulations (both positive and negative) and explored the journeys businesses went through to comply with particularly burdensome regulations.

Results summary

Complying with regulations tended to be perceived as synonymous with abiding by the law and following internal compliance processes. Of the four types of regulation, standards and controls were typically most top-of-mind, more so than reporting (which was associated with corporate and financial reporting conducted by finance specialists) and licensing (which was of varying relevance, depending on sector).

The processes businesses assumed to comply with regulations varied widely, depending on the type of regulation and the individual business. The research showed a wide variety of activities were undertaken by businesses of different sizes and sectors in order to comply with regulation. For example, one small catering company followed and recorded a number of daily and weekly checks to comply with food safety standards, while a micro travel agent had handed all responsibility for filing company accounts over to an external accountant. Whether a business sought outside help or not, and how successful this was, had a big impact on their regulation processes.

Regardless of size, the impact of regulation on individual businesses was consistently more top-of-mind than the effect of regulation on business sectors or society:

- The most frequently cited negative impacts of regulation were financial cost and time. These tended to be at their most burdensome during the first year of compliance due to the need to amend systems and processes and purchase additional equipment, but sometimes continued during the process of embedding and maintaining compliance. Two key examples of this come from a large food manufacturing business. Complying with Dangerous Substance and Explosive Atmosphere Regulation (DSEAR) cost the business around £500,000 to set up, but has since had fewer cost and time pressures. Conversely, the Threat Assessment and Critical Control Point (TACCP) regulation had evolved considerably since its introduction and regular adaptations were required.

- The most frequently cited benefits were often those relating to the business or its employees, for example an accreditation or a star rating. After time to reflect, participants were able to identify additional perceived benefits for their customers e.g.

promoting fair competition or ensuring good, safe practice. Even after time to reflect, few identified the wider social benefits to complying with regulation.

The research suggests that identifying regulations universally perceived as beneficial or burdensome is a problematic idea. Different factors influence the journey of implementing regulations, varying by regulation and business sector/size. As a result, the impact (both positive and negative) of implementing a regulation is likely to be very different for two individual businesses. For example, a large law firm were still feeling the significant impact of complying with GDPR due to the time-consuming requirement to check and delete old records, some of which were stored on paper off site. By contrast, a micro accountant felt that GDPR was a positive development and compliance had required very little change to their processes.

Moreover, the research revealed that the four types of regulation did not determine the level of burden imposed by individual regulations on individual businesses. This was partly because the impact of implementing individual regulations on businesses of different sizes and from different sectors was highly variable, but also because different levels of perceived burden emerged within each type of regulation.

This report describes how the overall impact of individual regulations on individual businesses is influenced by a three-stage regulatory compliance journey: Figure 1: Regulation compliance journey
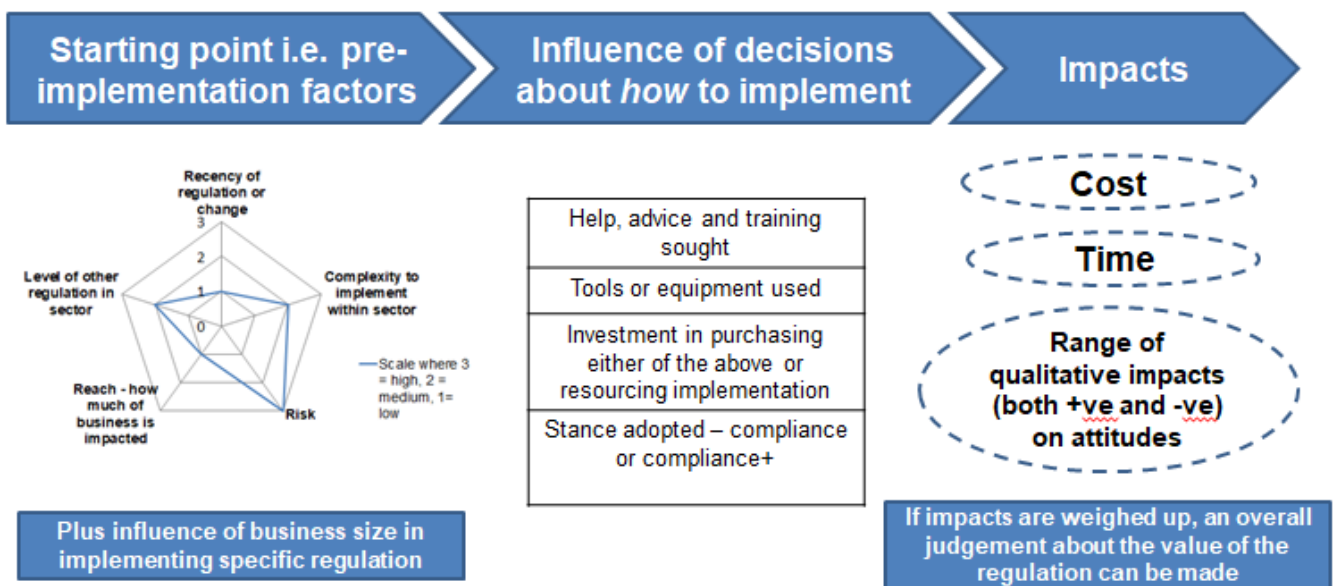
- A number of factors influenced the initial impact of individual regulations on individual businesses. These included: the recency of change; the complexity of the regulation; the level of regulation in the sector; the reach of the regulation; the risks associated with non-compliance; and business size.

- The impact of individual regulations on individual businesses was also influenced by the decisions they made about how implement them e.g. the degree of help sought and the stance towards compliance adopted (i.e. aiming for compliance or aiming to achieve a level over and above compliance).

- The overall impacts of the regulatory journey emerged after compliance processes had become 'business as usual'. The research suggests that there are a number of perceived negative impacts on businesses that result from complying with regulation,

including cost and time, as well as a range of perceived benefits e.g. building business reputation, or improved safety.

In addition to the cost and time challenges faced when complying with regulation, some participants spoke of a sense of frustration or fear in doing so. While these negative impacts are less tangible and quantifiable than cost and time, the research identified they are still important. A sense of frustration that a regulation is not fit for purpose for example, or is overly onerous, can lead to negative perceptions of it and ultimately impact attitudes towards compliance. For some, a fear of the repercussions of an inspection was a real challenge and the resulting lack of confidence led to a less proactive approach in engaging with the regulator.

Participants representing businesses of all sizes and from all sectors tended to form a value judgement about each regulation by weighing up the positive and negative impacts of the regulations they complied with. Often they could appreciate the broader benefits of the regulation for their businesses, even if particular aspects were perceived negatively:

- **Perceived business-related benefits often involved accreditations** – some kind of signifier that businesses could use to market the company to potential customers. If businesses saw this type of benefit, they were more likely to comply – or even strive for a standard above and beyond compliance.

- **Safety was often mentioned as an important benefit of a wide range of regulations** – both in terms of staff and public safety. Safety was often highly valued and, for some, the serious risks of not complying outweighed the negative impacts of regulation. Many also appreciated that safety-focussed regulations protected the company from complaints or litigation.

- **Another benefit identified by some longer-established businesses was that regulation had prompted them to streamline their processes, therefore leading to greater efficiency**.

- **Some could also see the benefits of regulations (particularly standards) that were perceived as promoting fair competition.** By forcing every business to comply with the same standards, participants felt that businesses would be operating competitively without cutting corners.

Participants identified what regulatory objectives they wanted government to focus on, including what they thought government should do differently when introducing regulations or changing them. These included:

- Provide one destination for information and updates about regulations

- Introduce new regulations with clear, simple information

- Consult on new regulations or changes

- Maintain regulatory stability by providing sufficient notice of changes

- Increase digitisation to reduce the administrative burden of compliance

- Incorporate flexibilities into regulations that allow businesses to grow and develop

- Address any elements of regulations perceived as 'illogical' or 'disproportionate'

Differences by business size and sector

The research identified some commonalities by size of business. **Larger sized businesses tended to be more negatively impacted by regulations with a larger reach** due to the size and scale of the staff needing to be compliant and trained. Health and Safety regulations (H&S) are a good example of this type of regulation). Typically, larger businesses saw more 'pain points' during the initial set up of a regulation but then had the systems, processes and support of teams within the business to ensure its smooth running. Large businesses were most likely to participate in consultations about any new regulations or changes and saw regulatory stability as particularly important.

Medium sized businesses often faced a dilemma about whether to bring the work of complying with regulation in house or whether to outsource it. For example, one business started Automatic Enrolment (AE) in house, then outsourced it, but have latterly decided to bring it back in house to save on cost. Businesses of this size were keen for more support and education from regulators to help them manage compliance in-house.

Small businesses faced time challenges when complying with highly complex and high risk regulations, but appeared more willing than micros to out-source the tasks involved. Small businesses were more likely to ask for one destination for all regulatory updates tailored to their sector, and more support and education from regulators to make compliance less of an administrative drain.

Any regulation that was perceived to be highly complex and high risk appeared more likely to have a greater impact on micro sized businesses than any other. This was firstly due to the time burden created by these types of regulation, but secondly because this time burden was likely to fall on the most expensive member of staff, the business Director/owner. Clarity and simplicity was of particular importance to this group as the onus of interpretation often fell on an individual without specialist knowledge.

Some sectors appeared more heavily burdened by regulation than others. Participants from these sectors tended to perceive any new regulation as burdensome due to the sheer number of regulations already complied with. Example sectors where participants felt the burden of regulation was high included the finance sector, public service sector and production.

Participants spoke of challenges in interpreting new regulations into their specific sector. Cross-sector regulations (for example GDPR, H&S and AE) needed to be adapted in different ways depending on the sector. Businesses found translating some of these regulations into something that worked for their sector challenging, for example a medium sized estate agent initially found interpreting Anti-Money Laundering legislation in the context of his sector difficult.

The research was conducted with businesses across the UK. The findings were assessed by region, but there did not appear to be differences in views of regulations, or compliance journeys between regions.

Background

The Government is required by the Small Business, Enterprise and Employment Act 2015 to set a Business Impact Target at the start of each Parliament. The Business Impact Target aims to reflect the Government's overarching objectives for its regulatory programme and how it affects business.

Previous Business Impact Targets have not provided a full picture of the regulatory landscape in the UK. They only reflected the direct economic costs and benefits to business; however, evidence suggests that there are other impacts of regulation on business and wider society.

The Department for Business, Energy and Industrial strategy seeks to design a new Business Impact Target, based on robust evidence so that it accurately reflects these real-world regulatory benefits and costs.

This research therefore sought gain a deeper understanding of these economic costs and benefits to businesses of all sizes, across all sectors and from all regions. The research looked at both positive and negative impacts to understand what Government can do to improve the experience of businesses implementing regulation.   This study was designed to sit alongside other evidence gathering exercises as part of a wider review of the Business Impact Target. The wider review will happen in due course.

Objectives

The study sought to answer the following questions:

- Assess how businesses would define regulation and what different activities do they find regulatory.

- Understand the specific challenges businesses face when complying with regulation.

- Assess how businesses value the benefits of regulation and how this should be incorporated into any regulatory strategy.

- Identify and understand the actual activities and process that businesses employ to comply with specific regulations.

- Establish what objectives businesses would like government to focus on e.g. maintaining stability, removing admin burdens, supporting businesses to develop, trade and investment.

- Identify what the government could do differently when introducing regulations or changing them.

- Understand how the impact of regulation differs by business size.

In answering these objectives, the study sought to identify the specific regulatory actions that are most burdensome for businesses (i.e. licensing arrangements, reporting requirements, restrictions, etc.); and to identify any specific types of regulation (i.e. health and safety, environmental, etc.) or specific acts (i.e. National Minimum Wage, Energy Price Caps, etc.) that businesses find the most helpful or beneficial.

Method

Individual in-depth interviews were conducted by telephone with a sample of participants representing 50 UK-based businesses to explore the impact of regulation on their business and how this might be improved.

Each interview lasted between 1 hour and 1.5 hours. The discussion guide covered the following (see appendix for the topic guide):

- The context – which regulations does the business need/choose to comply with;

- Identifying which regulations were perceived as most beneficial and why, and which most burdensome and why;

- Taking one regulatory as an example, the participant then talked through the regulatory journey they followed to be compliant, any perceived benefits and any 'pain points' along the way;

- The discussion finished with a reflection on what changes/improvements could be made to regulations and also on the impact of COVID-19 on regulation.

The sample was purposive i.e. designed to provide a mix of interviews within each UK business sector. The sample was therefore not designed to be representative of the UK business population, but rather to reflect the views of businesses within each sector. Sectors were defined by ONS Standard Industrial Classification (SIC) codes. The numbers of interviews conducted with businesses from each sector are listed below:

Table 1: Number of interviews conducted in each business sector

Sector	ONS SIC code Section	Number of interviews
Agriculture, forestry and fishing	A	3
Production (incl. mining, utilities, manufacturing)	B, C, D, E	4
Construction	F	4
Wholesale and retail (incl. repair of motor vehicles)	G	4
Transport and storage	H	3
Accommodation and food services	I	4
Information and communication	J	3
Finance and insurance	K	3
Property	L	3

Professional/ Scientific or technical	M	6
Business administration and support	N	4
Public administration and defence	O	1
Education	P	3
Health	Q	3
Arts/entertainment/recreation	R, S, T, U	3

The size of each business was determined by the number of employees as follows: micro (1-9); small (10-49); medium (50-249); and large (more than 250). The number of interviews with business from within each size category is outlined below:

Table 2: Number of interviews by size of business

Business size	Number of interviews
Micro (1-9 employees)	6
Small (10-49 employees)	16
Medium (50-249 employees)	13
Large (more than 250 employees)	13

A full breakdown of the interviews conducted is provided in the appendix.

Transcripts were created for each of the 50 interviews and researchers analysed the qualitative insight from these using the framework method. Key themes were identified and evidence in the form of quotes or examples were noted against each key theme. The evidence was then assessed based on business sector, size and region in order to determine what impact each of these factors had, if any.

The impact of COVID-19 and lockdown on this study

This research project began as lockdown was implemented in the UK in late March 2020. It therefore became important to adapt the research study to this context and this was done in two ways:

- All interviews with businesses were conducted over the telephone. The original intention was to complete some interviews face to face and some over the telephone.

- The framing and content of the discussion was adapted to ensure that the study reflected the circumstances, but also that findings were broadly applicable in a more typical business environment.

In the main part of the discussion, participants were asked to reflect on the previous 4 months and answer - based on a pre-COVID 19 context - how they would typically comply with regulation. It was important to direct participants in this way in order to answer the key objectives of the study.

The conversation concluded with a broad discussion about the impact of COVID-19 and lockdown on their business and, more specifically, what impact it had on complying with regulation. This discussion has ensured that the findings can be practically applied as businesses move towards 'a new normal'.

The research study was still able to capture the detail of how businesses comply with regulation, the challenges they face in doing so and the value they place on it, despite the high degree of uncertainty at the time fieldwork was conducted. All were able to reflect on their views of regulation in a 'business as usual' context, with plenty of specific detail. Interviews took place from April to early July 2020.

Main findings

Perceptions of regulation

Summary: Initial perceptions of regulation were framed in terms of the impact of the regulation on participants' businesses. Regulation was seen as a process that needed to be followed and, for some, often medium and large sized businesses, this was very much part of the day-to-day running of the business. Beyond their own business, some reflected on the impact of regulation within their sector, on their customers or on their employees, but with few considering any wider societal benefits.

For many medium and large businesses, regardless of sector, complying with regulation was perceived as a series of processes to be followed. These processes were the result of businesses striving to implement regulations consistently across organisations. As a result, these processes were often perceived to be part of core operations:

"For me, regulation is keeping the business running smoothly and ensuring that the processes are in place to comply with the rules." (Haulage, Medium)

"Regulation is something that is adhered to and that is then monitored and tracked." (Insurance, Medium)

Overall, medium and large businesses were more likely to feel sanguine about the need to comply with regulations, and accepted that by doing so they demonstrated that the business was abiding by the law:

"Regulation means specific legal rules that we must follow to keep us safe, within the boundaries of the law." (Prison service, Large)

"For me, I think regulation is a legal requirement. You can have guidance to help you on the best way of doing things, but regulation is the way you have to carry out the legal requirements you have as an employer." (Scientific, Large)

Although small and micro businesses also perceived regulations as processes to be followed and legal requirements, they were more likely to perceive the need to comply with regulations as separate to core operations. This group clearly distinguished between business processes implemented by themselves, for their benefit; and business processes that needed to be implemented as a result of regulatory requirements that were not necessarily perceived to be for their benefit.

For a minority amongst this group, the need to implement and comply with regulations perceived to be separate from – and potentially irrelevant to - core operations could be perceived as a potential threat:

"For me, regulation is dread, dread of the paperwork, the time it takes, and the fear of failing to meet a standard or requirement and being fined or closed down." (Livestock farming, Micro)

"Regulations are something I must adhere to. They usually mean a financial and personal time cost and I'm not sure they are beneficial to my business." (Hotel, Small)

As described above, participants' initial perceptions of regulation tended to be limited to their perceptions of the effect of regulation on their businesses (as opposed to the effect of regulation on businesses within their sector, consumers or society).

The extent to which participants' perceptions of regulation extended to the effect of regulation on businesses within sector, consumers or society varied. Most commonly, participants perceived that regulation had an effect on businesses within their own sector, on their customers and employees.

For example, those working in high risk sectors for health and safety (e.g. health, construction) appreciated that H&S regulation was an important way of safeguarding health and preventing accidents amongst both their employees and customers:

"Regulation is comforting because there is an authority watching over everyone and keeping standards up." (Ultrasound clinic, Small)

"It [Control of Substances Hazardous to Health: COSHH] is so it's safe for employees and customers – and us as the employer. We don't want a lawsuit. I completely understand why it needs to be done." (Motor Vehicles, Medium)

There were also some who reflected on how they felt regulations had ensured 'fairness' within their sector. For example, a participant running a TV production company felt that the requirement to have Permission for Commercial Operation from the Civil Aviation Authority when flying a drone for commercial purposes not only maintained safety, but also protected professional pilots from having their prices undercut. Similarly, a participant running a haulage company felt that standards for limiting drivers' hours meant that companies could not force their drivers to work longer and lower their prices.

The extent to which participants' perceptions of regulation extended to the effect of regulation on society as a whole was limited. Examples tended to involve participants' perceptions of environmental benefits e.g. effect of waste disposal controls on the environment, effect of fishing quotas on fish stocks:

"We have to collate all the information about the amount of packaging waste we use so they can monitor whether waste is reducing." (Manufacturing, Large)

The four types of regulation

> **Summary**: Of the four types of regulation – standards, controls, reporting and licencing – standards and licencing tended to be more top-of-mind for participants than reporting or controls.

The four types of regulation – standards, controls, reporting and licencing – provided a helpful framework for describing the breadth of regulation to participants. It prompted participants to think outside of their own experience when considering what the term might mean.

When prompted with these four types, standards and controls were typically more top-of-mind:

- **Standards** – voluntary standards were often top-of-mind e.g. British Standards, or standards managed by professional bodies e.g. the Institute of Residential Property

Managers. Some businesses used voluntary standards as a way of managing a number of individual regulations e.g. Farm Assurance.

- **Controls** – these were often top-of-mind due to their influence on day-to-day operations. For example, it is impossible to pursue a house sale without following Anti-Money Laundering regulations, or move live animals without following the regulations for Live Animal Transport.

Licensing and reporting were typically less top-of-mind than standards and controls. Overall, they affected lower numbers of businesses or professionals within the sample:

- **Licensing** requirements varied considerably across the sample. Some businesses did not report needing any licences, others needed one particular licence (e.g. Fishing Boat Vessel Licence) while others needed several (e.g. retail businesses needing licences to play music, advertise in the street, serve alcohol etc).

- **Reporting** regulations were typically perceived to be restricted to financial reporting (e.g. audit reports, corporate reports) and this type of reporting was associated with specialists i.e. in-house Finance Directors/departments or sub-contracted accountants and auditors.

The regulation journey

Summary: There are three stages to a regulatory compliance journey: 1 – the factors that exist prior to implementation that have an impact on the experience of implementing that regulation; 2 – the decisions taken about what method of compliance to adopt (including whether outside help is sought); and 3 – forming a value judgement about the impact of the regulation.

The need to implement a regulation might arise from the introduction of new regulations (e.g. AE, GDPR), changes to existing regulations (e.g. updates to professional standards), or regulations relevant to new business activities.

The regulatory compliance journey can be described in three stages.

Figure 2: Regulation compliance journey
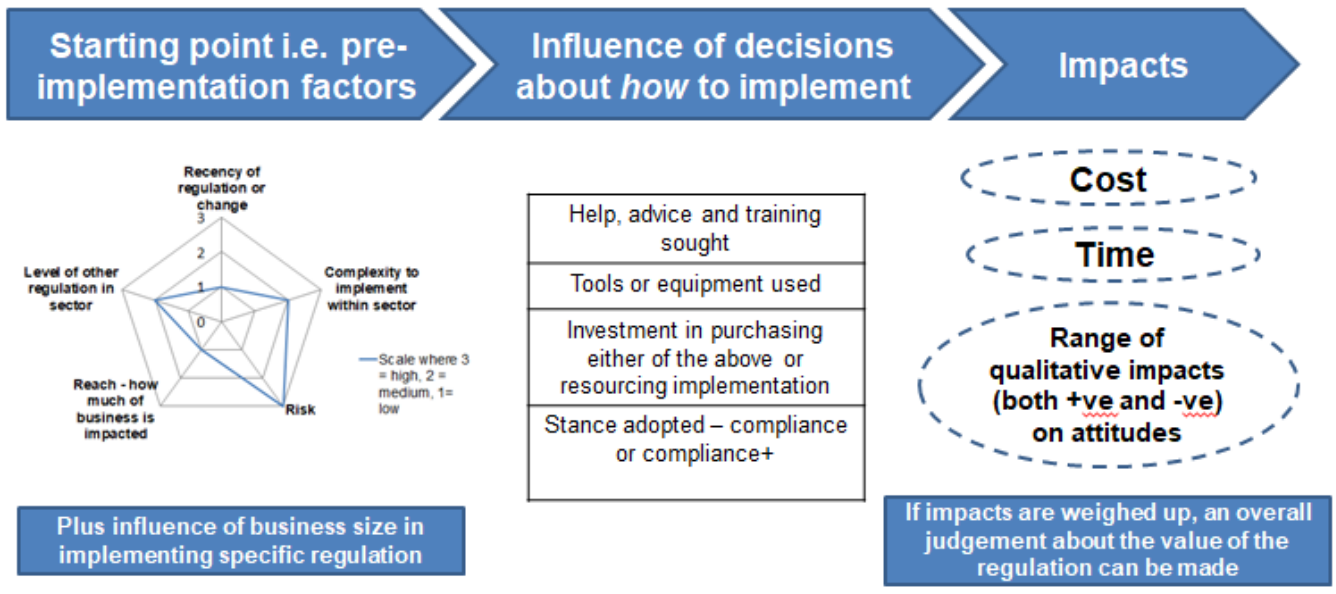
Stage 1: a number of factors influenced the initial impact of individual regulations on individual businesses. These included: the recency of change; the complexity of the regulation; the existing level of regulation in the sector; the reach of the regulation; the risks associated with non-compliance; and business size. These can be described as the pre-implementation factors and are explored in more depth on page 16.

Stage 2: the processes businesses assumed to comply with regulations varied widely, depending on the type of regulation and the business sector.

The impact of individual regulations on individual businesses was influenced by the decisions they made about how to implement them e.g. the degree of help sought and the stance towards compliance adopted (i.e. aiming for compliance or aiming to achieve a level over and above compliance). These factors are explored in section 4.5 Influence of decisions taken on the compliance journey and 'pain points'

Stage 3: finally, the research suggests that the overall impacts of the regulatory journey emerge after compliance processes become 'business as usual'. A number of perceived negative impacts emerged, including cost and time, as well as a range of perceived benefits e.g. building business reputation, or safety. Businesses tended to form a value judgement about each regulation by weighing up the two. This is discussed in Determining the value of a regulation

Below is an illustration of the three-stage regulation journey.

Pre-implementation factors

Summary: Six factors were identified as having an impact on the initial level of burden posed by a regulation: complexity, reach, perceived risks, how recently the regulation has been changed or introduced, the level of regulation already within the sector and business size. These factors combine to provide a helpful starting framework to determine the overall level of burden, and the diagram in Figure 3 and 4 below illustrates this.

The research suggests that a number of factors influenced the level of burden individual regulations posed individual businesses at the start of the regulation journey, as described below:

1. The complexity of the regulation – including how much specialist input and advice is perceived to be required

2. The reach of the regulation within the business – how many of the employees need to be involved in compliance processes

3. The perceived risks associated with non-compliance

4. How recently the regulation has been introduced/changed

5. The existing level of regulation within the business sector – it emerged that some sectors have to comply with more regulations than others

6. The size of the business – for example, some regulations had a greater impact on smaller and micro businesses than they did on larger businesses

1. Complexity of the regulation

Some regulations were felt to be inherently complex. In a number of cases, businesses struggled to apply the principles and rules to their individual sector and therefore felt they needed to seek specialist help.

- For example, the owner of a micro construction business found it too difficult to engage with AE and decided to subcontract the whole task to his accountant: *"It was causing me such a headache. I was having to go on the website, look at all the stuff, does this person qualify, all those sorts of question and answers. It was taking up so much of my time. So we've got a workaround; but it costs me money."* (Construction, Micro)

- In another example, managing the interaction between numerous regulations was part of the consultancy services offered by one participant in the scientific and technical sector: *"Even for me with years of project experience, things could happen that bring into play a different regulation that you have to use or work around in order to complete that work."* (Geo-environmental consultancy, Large)

- Other examples of regulations that were perceived to be complex included Money Laundering, H&S, TACCP, and Whiplash Regulation

2. Reach

Regulations requiring compliance actions by a large share of the workforce were also felt to impose a greater burden than those involving smaller numbers of employees.

- For example, the burden posed by GDPR was perceived to be partly due to its reach. A participant from a large company explained that: *"That's probably the biggest impact, just for the reason that it touches every area of the business where we're asking people for their data."* (Utilities, Large)

- Conversely, company reporting related regulations (for example AE or Gender Pay Gap Reporting) tended to impact a few individual professionals or perhaps one department.

For example, the Finance Director of a medium sized company described how facilitating their annual audit involved a week of his time, plus his assistant, but no other members of staff.

3. Risk

Some regulations were perceived to pose a much greater risk to the business than others. For example, those that involved a fine, or that could result in the business being closed were seen as more burdensome. The regulations that were perceived to be 'higher risk' placed a higher degree of pressure on businesses to comply.

- For example, the Care Quality Commission (CQC) has the power to close providers health services if certain standards are not met.

- Similarly, those dependent on licences for their livelihoods also felt that these regulations were burdensome e.g. Vehicle and Operators Services Agency (VOSA) Licence, Fishing Vessel Licence.

4. How recently the regulation was introduced.

More recently introduced regulations reportedly felt more burdensome, due to the challenges posed by implementation. Examples given included GDPR, AE and the Whiplash Regulation. By comparison, regulations that have been established as 'business as usual' tended to be perceived as less burdensome as they were more likely to have become normal working practice. For example, businesses tended to be aware of the H&S regulations relevant to their business. The owner of a small painting and decorating business knew precisely which tasks can and cannot be achieved from a ladder and require scaffolding; the owner of a civil engineering firm knew exactly which Personal Protective Equipment (PPE) was required for different tasks.

5. Level of regulatory burden within the sector

It emerged that the introduction of new regulations may feel more burdensome to businesses within sectors who already perceive themselves to be heavily burdened by regulation. For example, the introduction of new regulations within the finance sector was more likely to be perceived as burdensome due to the sheer quantity of regulations (all of one type) that were perceived to impact this industry. Public sector services were also more likely to protest about the introduction of new regulations e.g. IR35 (the off-payroll working rules) in the education sector. By comparison, some sectors felt that they operated in a relatively low regulation environment e.g. businesses in the property sector.

6. Business size

The research suggests that the level of burden posed by individual regulations is influenced by business size, but that the interaction between the two is complex. The research has identified a number of ways in which business size can impact the level of burden experienced:

- Any regulation that was perceived to be highly complex and high risk appeared more likely to have a greater impact on micro sized businesses than any other. This was firstly due to the time burden created by these types of regulation, but secondly because this time burden was likely to fall on the most expensive member of staff, the business Director/owner.

- Small businesses faced similar time challenges when complying with highly complex and high risk regulations, but appeared more willing to out-source the tasks involved. For this group, the professional time burden experienced by micro businesses was more likely to turn into a direct cost burden.

- Medium sized businesses often face a dilemma about whether to bring the work of complying with regulation in house or whether to outsource it. For example, one business started AE in house, then outsourced it, but have now decided to bring it back in house to save on cost. The potential reach of regulatory burden was greater in medium sized businesses than small or micro businesses. Larger numbers of staff were involved in implementing regulations.

- In a larger business, regulatory change could be difficult to implement due to the number of employees involved, as well as legacy issues. Legacy issues are business processes that have been in place for a long time, impact a large number of employees, and can be challenging to change. For these reasons, relatively new regulations (and particularly those with a large reach) were likely to be viewed as burdensome in this context of a larger business: *"Trying to get everyone moving in the same direction, it's like herding cats. IT security is hard enough in our IT department of 700 people, let alone when you go out to the whole business." (Education, Large)*

Figure 3 and figure 4 below illustrate how the factors described above combine to influence the level of burden individual regulations pose individual businesses at the start of the regulation journey.

Each of the factors listed above have been scored 'low', 'medium' and 'high' by comparing the influence of this factor on the wide range of businesses in the sample. More details on the scale for this are in the appendix.

The example below illustrates this for a medium sized haulage firm applying for an update to an Operator's Licence:

Figure 3: Impact of described factors on the level of burden a business faces when applying for an update to an Operator's licence
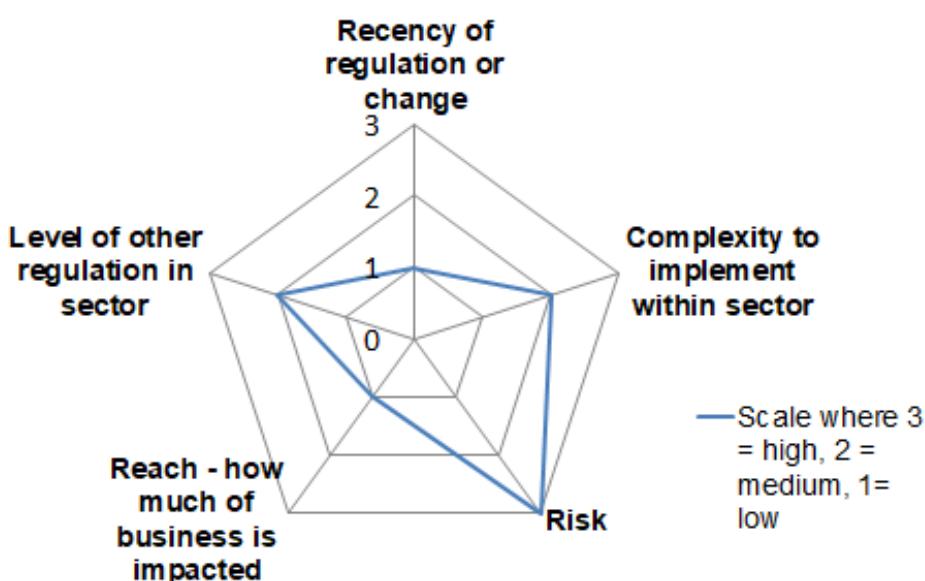
This example uses a small pharmacy complying with a newly introduced EU Falsified Medicines Directive. (Note this directive is not currently enforced):

Figure 4: Impact of described factors on the level of burden a business faces when complying with the EU falsified medicines directive
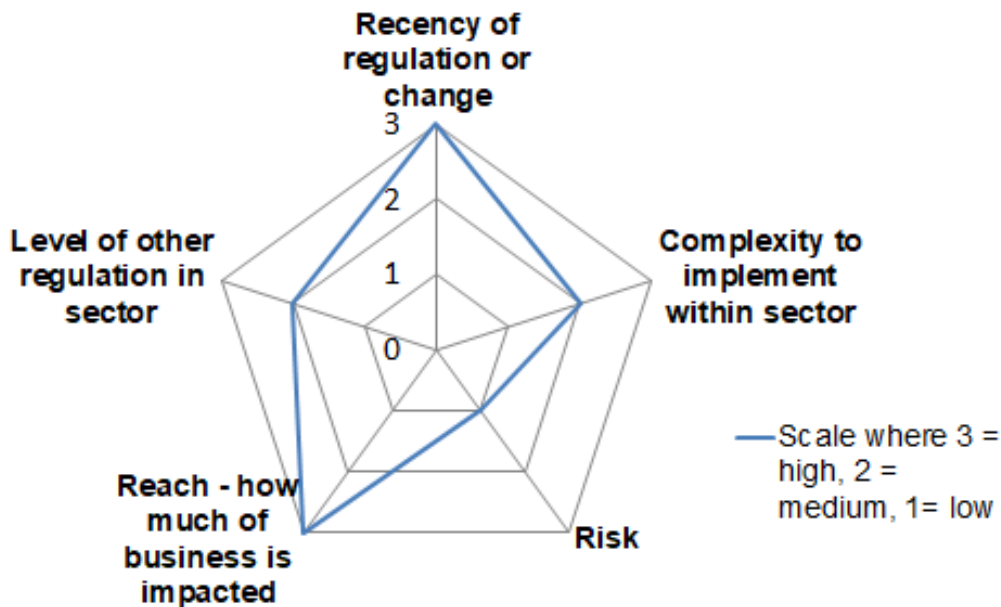
Influence of decisions taken on the compliance journey and 'pain points'

Summary: The decision about whether to seek outside support and the decions about whether to meet or go above the required standard of compliance had an impact on the number of 'pain points' experienced in the compliance journey.

The largest burden fell within the first year of introducing a regulation and the 'pain points' experienced at this stage included fact finding, procuring external advice or support, adapting systems and processes, and purchasing any new equipment required.

For some regulations, the burden continued into the compliance 'maintenance' phase. Typically this was because the systems in place to maintain compliance were not working effectively, the regulation requirements changed regularly or because the regulation required adaptation to individual circumstances. The 'pain points' most commonly cited at this stage included inspections, licence renewals, operating restrictions, keeping up to date with changes and ongoing administrative tasks.

Influence of decisions taken on the compliance journey

The level of challenge experienced when complying with a regulation depended very much on one key decision taken early on in the process; whether businesses sought external advice

and support in either establishing the compliance process or ongoing compliance management.

For example, a large hotel business operating across four separate sites chose to outsource compliance with H&S regulations to an external contractor. The contractor supports the business to create compliance processes and policies, checks that they are being followed, and provides regular dialogue and feedback on remedial actions. The business had fewer 'pain points' when complying with health and safety regulation compared to the business described below.

The owner of a small IVF clinic decided to keep management of health and safety in-house to avoid the cost of an external consultant. Significantly more 'pain points' were experienced in terms of monitoring compliance and adapting to any changing requirements because these all remained the responsibility of the already time-pressed owner.

Typically, small or micro business owners felt they had little choice but to seek outside help to comply with financial reporting regulations because they were very unlikely to have the expertise in-house.

The level of challenge experienced in implementing regulations was also influenced by the approach businesses took to compliance. There were cases where businesses decided to go above and beyond compliance in order to achieve an enhanced level of operation e.g. service, production. This was the case with some standards as well as controls. For example, an estate agent had taken the decision to create a system to ensure they could adhere to Anti-Money Laundering legislation, but pointed out that many rivals had not gone to the same lengths. A property management company offered to have all their Houses of Multiple Occupants (HMO) inspected by their Council (rather than one) in order to demonstrate consistent compliance with HMO licensing requirements.

Both the level of support and chosen level of compliance had an influence on the number and type of 'pain points' throughout the regulatory journey and some of these are explored below.

'Pain points' during the journey

The research revealed that the greatest number of 'pain points' tended to fall within the first year of implementing a regulation. Examples included: GDPR, AE, Energy Savings Opportunity Scheme (ESOS) and TACCP, all of which were reportedly challenging during the implementation phase. Key 'pain points' experienced in that first year included:

- **Initial fact-finding and understanding of the regulation and requirements.** For many, this was time consuming and, in some cases, stressful.

    o Some businesses relied on industry bodies to interpret the regulation and apply it to the context of their industry. Examples given included: National Federation of Fishing, British Hospitality Association, British Association of Removers, Recruitment and Employment Confederation.

    o This initial fact-finding part of the regulation was most burdensome for small and micro firms who may not have support from industry bodies: *"GDPR was awful when it came in. It just wasn't clear and we didn't know what we were doing. It took a long time to wade through it all and made sense of it." (Travel agent, Micro)*

- Larger firms tended to have departments with the responsibility of interpreting and actioning any changes: *"A task force was set up to look at the updated regulations on anti-corruption… We also have an internal team who look at new regulations within the business. There are 4-5 people who sit in that team."* *(Investment company, Large)*

- **If businesses chose to source external advice and support, procurement could be time consuming.** Small and micro businesses were more likely to be influenced by peer recommendations and spent some time talking to their network to determine which provider to engage. In larger firms there was more likely to be a procurement process to follow.

- **The process of changing systems and processes in order to comply with regulation could also become a challenge, particularly for larger firms.** The scale of change could prove time consuming. For example, a large food manufacturing firm had to change almost all of their internal processes to comply with TACCP. Part of the challenge for larger businesses was educating large numbers of staff about new processes e.g. GDPR.

- **The initial stages of implementation could also involve the cost of new equipment:** *"From that compliance coming through on an email [Dangerous Substances and Explosive Atmospheres Regulations - DSEAR] to this needing to be common practice - six months work and a £500,000 outlay from the business to get that set up."* *(Food manufacturing, Large)*

Once businesses moved towards the stage of maintaining compliance, the level of burden was impacted by three further factors:

1. Do the processes and systems put in place to maintain compliance work? The research suggests that this can take some time to become the case. For example, a catering business owner said recording fridge temperatures twice daily had become routine; but an ultrasound clinic owner was struggling with new CQC requirement to record the usage of a cleaning product. The owner of a recruitment agency described how the software they used for administrating automatic enrolment was very difficult to use, and was therefore posing on-going difficulties.

2. How frequently the regulation is amended or updated? Frequently amended regulations had the potential to create more of a burden compared to those remaining relatively static. For example, TACCP is a regulation that has evolved in the 3 years since it was introduced and the firm complying with it does not believe that they have yet moved towards the stage of maintaining compliance.

3. Does the nature of business require regulations to be adapted to particular circumstances? For example, a geo-environmental consultant reviewed regulations each time a new project starts to identify what specific licences and planning permissions are required. Equally within construction, health and safety regulations need to be applied afresh to each new project.

A number of 'pain points' emerged once businesses had moved towards maintaining compliance:

- **Inspections by regulators** to ensure compliance with standards, reporting or controls were reportedly a 'pain point' for a number of businesses, for example CQC inspections

and Food Safety Standards inspections. These inspections were considered challenging regardless of business size.

- **Licence renewals or updates** could become 'pain points' if the licence renewal process was particularly onerous. For example, a Football Club Licence renewal involved re-entering the details of every player into a system, which was time consuming. Again, these types of licence renewal were considered painful, regardless of business size: *"Adding an extra vehicle to the licence [VOSA Operator's Licence] takes such a lot of my time to do. It also takes a few weeks to come through, so it reduces my ability to be agile and get more capacity to meet clients' needs." (Haulage firm, Medium)*

- **The operational restrictions imposed whilst complying some regulations could also prove challenging.** For example, re-applying for a Fishing Vessel Licence involves taking boats out of the water and therefore a week of lost income, every five years. Once again, these restrictions were frustrating for all sizes of business: *"We have to close the farm for six days after a bull is bought onto the property. We lose a weeks' worth of work and we've no idea why because the disease won't present itself in that time period." (Livestock Farming, micro)*

- **Keeping up-to-date with changes was a 'pain point' for micro, small and medium firms who did not have an industry body or membership organisation to rely on to provide this information:** *"We hear nothing at all from the local authority about updates on food safety standards. It's such a frustration as you don't find out about changes until they turn up and inspect you - at which point it's too late." (Catering firm, Medium)*

- **The ongoing administrative time required to maintain compliance with some regulations (e.g. automatic enrolment) was cited by some businesses as a 'pain point':**

  o For larger businesses with teams or departments responsible for certain regulations, the time burden was expressed in terms of salary costs or numbers of team members: *"We had to check client data was accurate for GDPR. We allocated 2 HR team members and it took them 4 months to do alongside their other work. Adding it up it was about £2900 in salary costs" (Law, Large)*

  o For small and micro firms, the time burden of administration was often expressed in terms of lost revenue. The business owner or a director was typically responsible for the administrative burden of compliance in micro businesses, as well as some small businesses. They reported having less time for winning business.

The impact of the administration time taken to comply with regulation is explored in more depth below [hyperlink] and can be a burden across all size of business - although this may be expressed in different ways.

For many businesses, regardless of sector or size, the burden of regulation remained high even when maintaining compliance, for the reasons identified above. Some examples of regulations where this was felt to be the case included: Farm Assurance, movement of live animals regulation, H&S, the ONS Business Survey and CQC standards.

Determining the value of a regulation

Summary: Participants tended to weigh up the value of a regulation by looking at the wider benefits and assessing these against any negative impacts. While cost and time were the most commonly mentioned burdens of regulation, the negative impact of the fear, worry and frustration caused by regulation was also significant. This fear and frustration tended to have a negative impact on perceptions of the regulation and could, ultimately, have an impact on attitudes towards complying with it. The benefits of regulation that were most top-of-mind tended to be those relating to the business, it's clients and employees, for example accreditation, safety, protection from litigation, improved efficiency and fair competition. Wider benefits to society were too far removed to be top-of-mind.

A majority of participants in this study weighed up the positive and negative impacts of the regulations they complied with in order to determine their overall perceive 'value'. Often, they could appreciate the broader benefits of the regulation, even if particular aspects were perceived negatively:

"We have to complete an audit of hazardous substances every week, but it doesn't feel proportionate to the amount of hazardous chemicals we use. It does mean that the substances don't impact the team's health, but that's more long term." (Sale of motor vehicles, Medium)

This perceptual trade off often involved questioning whether the perceived benefits of the regulation were worth the time and/or money spent on it. Sometimes this involved assessing the implications of not following the regulations. H&S was often described as worthwhile in this context:

"I know I sound cynical when talking about regulation. It is a financial and time drain on my limited resources. That said, it is good we are covered and can account for things if anything happened." (Primary school, Small)

"For example, if there's an accident, there's a 30-page document we have to complete as part of the investigation, so that is a burden. On the other hand, it also helps us understand and analyse what happened and why, to try to prevent it happening again. As much as it's a burden, it's also a benefit." (Prison service, Large)

The negative impacts of regulation

The most top-of-mind negative impacts of regulation were cost and time. These tended to be at their most burdensome during the first year of compliance, but sometimes continued during the process of embedding and maintaining compliance.

As previously discussed, businesses incurred costs when seeking external advice and support to comply with more complex regulations. This was the case when businesses needed advice and support to engage with technical language and requirements (e.g. automatic enrolment) or compliance with the regulation required skills the business lacked (e.g. finance).

This cost impact varied dramatically by size of business and type of regulation. For example, one micro travel agent was frustrated at having to pay £1900 per year to an accountant to submit company accounts, while a large furniture manufacturer was paying between £20,000

and £30,000 per year in external costs to comply with H&S standards because of testing and staff training. Health and safety was often considered onerous:

"We actually use an external health and safety company to help us with that. It's so I do everything right. I am no expert on all of this sort of thing and there is so much of it." (Pharmacy, Small)

In addition to sourcing outside help, there were a number of other cost burdens involved in complying with regulation including: new equipment, new products, external training, licencing fees and membership fees to industry bodies setting standards. Although all businesses identified these costs as burdensome, small and micro businesses more often cited these costs as problematic. These businesses felt a 'one size fits all' approach to regulation lead to them incurring costs that represented a larger proportion of their turnover than larger businesses:

"The CQC said we had to change our cleaning product for internal scanners and it went from £6 a bottle to £38 a bottle which was a significant increase." (Ultrasound Clinic, Small)

By contrast, large or medium businesses often expressed their frustration that the cost of complying with regulation impacted on their ability to invest in the business i.e. to grow, improve or innovate:

"When the DSEAR regulations came in we had to spend about £500,000 on updating our equipment and then we had to organise it and train all the staff which I think cost us around £150,000." (Food manufacturing, Large)

The time burden of complying with regulation, particularly the burden placed on senior staff, often caused similar frustration.   Time spent on complying with regulation was often perceived as time taken from winning business, serving clients or progressing and developing the business:

"To comply with GDPR we have to go through all the old records to check if they are accurate. A lot of them are off-site so it's very time consuming. Access requests take the best part of a week to sort out. Going through old records is not looking forward or improving anything. (Legal firm, Large)

"The ONS annual business survey is huge. You literally have to break down how much you have spent on telephones and stationery for every site. This is really hard for small businesses because I have to do all of it." (Footwear retail, Small)

If regulatory changes were made at short notice, this not only caused frustration but also had an impact on the time burden of compliance. For larger businesses, this could mean redeploying the workforce quickly, leading to wasted capacity, as this example demonstrates:

"Our issue is the timelines of the whiplash regulations keep changing. It is going to mean huge changes to our operations, but we don't have the detail to input into our processes. The timelines keep shifting, we get a team set up, then they move the timings again and we have a team sat there who no longer need to work on it." (Insurance, Medium)

The recent requirements for social distancing and hygiene in the workplace in the context of COVID-19 were highlighted as challenging because of the speed with which they needed to be adopted. One pharmacy had had to shut their consultation room at short notice and quickly adapt to not having a space to discuss private medical matters with customers. This was,

however, an example where businesses very much understood the bigger picture of why swift action was required and accepted it despite the challenges.

Alongside time and cost, individual regulations also had the potential to impact negatively on attitudes towards regulation more generally.

Some participants expressed their sense of worry and fear about regulation. This was particularly the case for businesses without external support to ease the perceived compliance burden:

"I had to complete a Suspicious Activity Report (SAR). The guidance was pages and pages long and didn't really feel relevant to my sector. I called up the National Crime Agency (NCA), but they wouldn't help me – just said look at the guidelines. I was so worried I was doing it wrong." (Estate agent, Medium)

"The CQC are governed by fear I think. The fear of getting it wrong and having your business closed is massive." (Ultrasound clinic, Small)

Fearing regulation could affect participants' willingness to engage with regulations and regulators. Businesses who felt confident about regulation engaged with what regulations were trying to achieve and were therefore happy to learn about how to improve compliance:

"The engineers don't like me because I chase a lot for the certificates. I don't feel bad about it. If they [British Standards Institution] want to come in and check us, let them do that. I've got nothing to hide and if there's something I'm missing, I'd like to know about it." (Telecoms, Small)

"There's a scheme called PALs [Partnership Accreditation for Landlords]. To join the PAL scheme you have to meet a lot of the licence criteria. That's your next step up, bronze, silver, gold… They give you kickbacks like cheaper training. They put on a lot of courses." (Property, Small)

Businesses who feared regulation were less likely to engage in this positive, proactive way and more likely to react defensively when under scrutiny:

"Some people think it's a waste of time. We had one skipper working for us, every time we went for a survey I'd have to be there because every time we'd go through the same pantomime. He'd be asked for the documents and somehow he didn't know where they were." (Fishing, Small)

Participants also expressed their perception that some regulations were not 'fit for purpose', which also lead to frustration:

"I put a lot of time and money into completing that report [ESOS] and I've had no discernible output from it. It was really woolly what the purpose was. I don't see the benefit?" (Hotel, Large)

In some cases, this was the result of a lack of understanding of the purpose of the legislation:

"Why didn't they get rid of Automatic Enrolment and add it on to National Insurance? What they've tried to do is hide the fact that this thing exists. They should just say, 'Look guys, it's just another tax.'" (Recruitment Agency, Medium)

In other cases, where the regulation was not checked or enforced, participants could become frustrated that they had spent time and money complying with it:

"We paid for and went on a course to get an Animal Transportation Licence, but we've not once been asked for it." (Livestock farming, Micro)

There were also examples of frustration arising as a result of participants feeling that the practicalities of regulations had not been thought through:

"I have to keep a record of all of the fire safety checks and training in paper copy but if there was a fire these would all be destroyed. An electronic way of keeping these records would be better for peace of mind." (Hotel, Small)

Although frustration did not tend to have any direct impact on the day-to-day running of businesses, it did affect perceptions of regulation and attitudes towards compliance more generally:

"Regulation means something that I have to do to ensure we don't face a fine at a later date! Mostly it's onerous and typifies red tape." (Recruitment Agency, Medium)

Frustrated businesses wanted to see more support and education from regulators, as well as collaboration to ensure that regulations are practically applicable. Some of these needs are explored in more depth below. [hyperlink]

The benefits of regulation

The top-of-mind benefits were often those relating to the business or its employees. Subsequently, participants tended to reflect on any perceived benefits to their customers. Very few immediately saw wider social benefits to complying with regulation.

Business related benefits often involved accreditations – some kind of signifier that businesses used to market the company to potential customers. If businesses saw this type of benefit, they were more likely to comply – or even strive for a standard above and beyond compliance:

"The Food Standard rating is good, we went up to 5 stars and it's on the website too. It's great for team building and staff all feel a real sense of pride in achieving it." (Hotel, Medium)

"PAL gives you peace-of-mind as a tenant. Parents of our graduates feel a lot better knowing that all of those boxes are ticked." (Property, Small)

Safety was often mentioned as an important benefit of a wide range of regulations – both in terms of staff and public safety. Safety was often highly valued and, for some, the serious risks of not complying outweighed the negative impacts of regulation:

"It's important [transport safety regulations] because it's protecting the driver of the truck and the public. It's a small example with wider implications. If one of the wheels came off and they've got a full truck with concrete in it, it's serious stuff." (Concrete and quarrying, Small)

"TACCP is important. One of the problems we had was paprika and turmeric. One way to make them cheaper was to dilute them with nuts, but we are a nut-free site. If our TACCP controls hadn't picked that up, a supplier could have supplied us with a nut containing product." (Food manufacturing, Large)

Safety was particularly top-of-mind in the context of COVID-19 and during the later interviews businesses were putting in place social distancing and hygiene measures to protect their staff and customers. At the time of this research this was another example where the risks of not complying outweighed the challenges and practicalities faced by introducing such measures.

Many also appreciated that regulations protected the company from complaints or litigation. This was the case for health and safety regulations within the construction industry, where businesses pointed out that health and safety officers helped them 'cover their backs', but also in other sectors:

"By complying with Fit and Proper FCA regulation, if I get a complaint, the network have got all the checks to say they know I'm following data protection and meeting my supervisor so they won't uphold the complaint." (Mortgage broker, Micro)

Another benefit identified by some longer-established businesses was that regulation has prompted them to streamline their processes, therefore leading to greater efficiency. For example, the owner of a micro travel agency had been prompted by GDPR to store records digitally rather than on paper, and a small IT company had found that having better control over their database had improved sales because the sales centre had clearer access to customer information.

Some could also see the benefits of regulations (particularly standards) that were perceived as promoting fair competition. By forcing every business to comply with the same standards, participants felt that businesses would be operating competitively without cutting corners:

"The Driver Hour's Standards means everyone is working to the same length of shift and no one can act unsafely and force their drivers to work 12 hour shifts, and charge less as a result. We are all on a level playing field." (Haulage, Medium)

"Personally I think regulation is a positive thing, it creates fairness so that we are all doing the right thing, we're all doing things consistently; it looks after our customers." (Cinema, Medium)

The social benefits brought about by regulation were not typically top-of-mind. Some participants were not aware of any social benefits, and those who were often felt that they were too far removed from the process of complying with regulation to be perceived as a meaningful benefit:

"In theory, the Rateable Values mean rates get paid to local councils and local councils are there to support local communities so a higher rateable value should benefit the community in those areas. I think that's a difficult connection to make though and it's hard to make that leap." (Retail footwear, Small)

However, there were a few exceptions where business owners saw the 'bigger picture':

"The way I see it, we have to fish sustainably and responsibly. If we send the logbook off every day to show what we have caught and where we have caught it this gives the scientists an accurate picture and will help show what the future management of our industry looks like." (Fishing, Small)

Which types of regulation are most beneficial and which most burdensome

Summary: Identifying regulations that are perceived as beneficial or burdensome is challenging owing to the fact each regulation is experienced differently by different businesses as a result of the factors outlined earlier in the report. The type of regulation – standards, licencing, reporting or controls – does not determine how burdensome it is, although it is possible to draw some broader conclusions about which groups of regulation or regulatory characteristics tend to be seen more positively e.g. licences and voluntary standards with simple processes.

The research suggests that identifying regulations universally perceived as beneficial or burdensome is difficult.

As described above, different factors influence the journey of implementing regulations, varying by regulation and business. As a result, the impact (both positive and negative) of implementing a regulation are likely to be very different for two individual businesses.

For example, implementing AE proved far more burdensome for a recruitment agency with large numbers of staff working on short term contracts, irregular hours and paid weekly than for businesses with small numbers of staff working on permanent contracts, fixed hours and paid monthly. The following example describes how one regulation (GDPR) had a very different impact on three businesses:

- A participant from a large law firm felt that the burden of implementing GDPR was ongoing, due to the requirement to check and delete all old records. Since some paper records were filed off site, this process was taking some time: *"When it was introduced, it was a massive project. It's an ongoing task that has never gone away. That is the most burdensome regulation for us." (Law firm, Large)*

- Conversely, the owner of a micro-sized firm of mortgage brokers felt that the importance of GDPR outweighed the burdensome aspects. She felt it was important that customer data was treated properly, although she found some aspects particularly difficult i.e. keeping up-to-date with deleting and shredding customer records. She also worried about explaining GDPR to clients due to the level of detail involved: *"Probably the most beneficial at the moment would have to be the whole GDPR, even though it is the most burdensome." (Mortgage broker, Micro)*

- Similarly, the owner of a micro-sized firm of accountants felt that GDPR was a positive development. This particular business had not made many changes since they felt that the majority of their processes were already compliant.

While the four regulation types helped describe the breadth of regulation, the research revealed that these types did not determine the level of burden imposed by individual regulations on individual businesses. Within each regulation type, different levels of perceived burden emerged. For example:

- Standards were perceived to be amongst the most difficult regulations to comply with, given the range of requirements that tended to be involved. However, businesses could often perceive the benefits of standards (particularly voluntary standards) e.g.

accreditation. The perceived burden of compliance was therefore balanced by the benefits achieved.

- Controls emerged as a very broad category, from relatively straightforward actions (e.g. Money Laundering checks) to more complex processes (e.g. GDPR). The level of burden therefore varied, depending on the type of control.

- Licences were also a very broad category, from licences that involved re-submitting paperwork and paying a fee, to licences more reminiscent of standards with a number of criteria that needed to be met. Once again, the perceived burden varied, depending on the type of re-licensing process.

- The type of burden imposed by reporting regulations varied, depending on how the regulations were managed. If managed in-house – and therefore only a burden to a small number of specialists – the work involved was perceived to be part of their role, rather than a burden per se. If out-sourced to accountants, the perceived burden was restricted to cost.

Taking these themes into account, it is possible to broadly categorise types of regulation and determine which tended to be weighed up more positively and which more negatively (Table 3). These findings should be regarded as broad 'rules of thumb', since there will be exceptions based on individual business circumstances.

Table 3: What overall value tends to be placed on which types of regulation

Regulation value	Types of regulation
Overall positive: of key importance and largely 'pain free'	Licences with a simple process Voluntary standards with a simple process
Positive, with some challenges: perceived benefits outweigh any burdensome aspects	Legally enforced standards that provide an accreditation or rating Health and safety related regulations Controls including data controls
Overall negative: any perceived benefits were not perceived to outweigh the negative impacts on time/cost and attitudes	Any regulation where the business does not see an outcome or clear benefit e.g. ONS business surveys, ESOS, Animal Transport Licence

Improvements desired from regulators and wider government

Summary: Participants identified a number of desired improvements including: a single destination for updates, clarity of explanation, consulting businesses on changes or updates, maintaining stability and increased digitalisation. Some businesses also felt that regulators could shift their focus from enforcement to education and ensure that regulations provide the flexibility for businesses to adapt and grow. For those elements of regulations perceived as disproportionate, ironing out these examples would improve their credibility.

Many businesses requested a single destination for updates to regulations or details about how to comply specific to their industry. For example, the Health and Safety Executive website received a high degree of criticism for its perceived complexity and difficult navigation. Businesses felt that industry-specific sites would save time and reduce the cost of external advice and support. They also felt that a comprehensive source of information would offer peace of mind for those who worried about missing information:

"What I need is a way of registering what I do so that information relevant to me is sent. There are changes to health and safety all the time but I've no way of finding out. The HSE website is so daunting and doesn't feel like it's for my industry." (General construction, Medium)

When a new regulation is introduced, businesses felt that clarity is vital. Participants felt that clarity reduced the time burden of interpreting new regulations and potentially decreased their need for buying external advice and support:

"They set a regulation [GDPR], but they don't understand the implication of what it means for a business and the cost involved to meet that. I think that's the piece that's felt as a great frustration for many." (Utilities, Large)

Some participants felt that regulators should consult businesses when introducing new regulations. They suggested that consulting with business would ensure that the practical application of regulations was thought through:

"I do feel sometimes regulations come in without people understanding them at a grassroots level. You'll get people sat in London making decisions about a process that happens in a warehouse in Milton Keynes. Sometimes they could do with better interaction and understanding of the day-to-day life they're affecting."(Prison service, Large)

Maintaining stability in regulation was considered vital. Participants felt that stability would lessen the - sometimes significant - impact of making regulatory changes. Providing sufficient notice when introducing regulatory changes was also considered important in order to allow businesses sufficient time plan and implement them. This was seen to be particularly vital as businesses try to adapt to the 'new normal' in the coming months. Participants spoke of the next few months as being a tough time for senior team members often involved in adapting to regulatory change as they grapple with adapting business processes.

Increased digitisation was cited as a desired improvement by a number of businesses. Examples included ONS surveys being provided online and pre-populated with information held elsewhere in government; and an app for uploading updates to the Farm Assurance Standard. Participants felt that digitisation would reduce the administrative burden of compliance, although a few businesses recognised that there were practical challenges in achieving these types of improvement.

Some participants also suggested that regulators could shift their focus from enforcement towards education and enablement. Businesses were keen for regulators to act as advisors and experts. This was the case for regulations with compliance regimes that relied on inspections (e.g. CQC standards, Health and Safety regulations, Food safety Standards) but also other types of regulation including licences:

"What I'd like is if CQC could give us a walk through without any implications. Come in, in advisory capacity, with a fresh eye and help with the things we are not sure about. That would be so much better than someone just fining you." (Ultrasound clinic, Small)

"It would make my life so much easier if they had a dedicated phone line.   You can never get an answer to a question you have on the Operator's Licence." (Haulage, Medium)

Some felt that education could include improving business' understanding of the benefits regulation can bring – both for business and society more generally. The research findings suggest any benefits for the business (e.g. accreditation or ratings) encouraged compliance:

"The ESOS regulation would be improved by a star rating. I could put that on my website to show I'm compliant. The environment is important to guests now and I'd like to tell them about the fact we did well. Instead they know nothing about it and I've spent money and don't understand why because the report didn't have any action associated with it." (Hotel, Large)

"To be honest, the attestation I fill out every 6 months to say I've acted appropriately doesn't add to the business. It's a level of bureaucracy on top of an already heavily regulated industry." (Investment firm, Large)

Another suggested improvement was designing regulations that allowed businesses to grow whilst maintaining compliance. For example, a participant felt frustrated about the time it took to obtain an additional HGV on their Operators Licence, and felt that this had prevented the business from being agile and responding to customers' needs. In another example, a quarry owner perceived that the interpretation of a regulation by their local environment agency meant that they were not able to sell a waste bi-product (EC Waste Framework Directive). This would, in his view, have generated more revenue, avoided a product going to landfill and generated more jobs in the local area.

In addition, some participants suggested that ironing out any aspects of regulations that felt disproportionate would improve their credibility. In these cases, it was often details of otherwise well-regarded regulations (including inspection judgements) that caused frustration:

"I see Farm Assurance as peace of mind. I'm meeting the standards. Sometimes it is just bureaucratic red tape though. I got a bill for £80 because we had a bit of chemical in the bottom of a bottle where the manufacturer's licence was out-of-date. Even though it's the same stuff as in the bottle next to it." (Animal farm, Micro)

"One of my houses was inspected and I was pulled up because there was a hoover stored under the stairs. Because the space under the stairs isn't enclosed, it's a hazard (apparently). If it was plugged in at the bottom of the stairs and someone pulled it away and forgot to unplug it, it's a trip hazard. To me, that's crazy. They told me to install a plug under the stairs, or relocate the hoover, or enclose the space. You kind of pick your battles with them [HMO inspectors] a bit." (Property, Small)

"One guy said to me, 'When I come back tomorrow, I want there to be a white board up on the bridge with the crew's names on it.' I thought, that's not a bad idea, because if anything goes wrong, the skipper can just cross the names off the list so they're accounted for. When he came on board, he looked at it and said, 'How do I know it's a crew list? I need another sign saying 'crew list'. That sort of attitude is the best one to take away." (Fishing, Small)

Overall, participants felt that it was important for regulators to appreciate that regulations impact different sizes of business in different ways. The grid below, includes all the desired improvements discussed above, and reflects on which would be of most important to which size of business.

An understanding of the improvements suggested by businesses of sizes could support decisions about regulatory change. For example, providing a clear 'one-stop-shop' for health and safety updates and advice tailored to the construction industry is most likely to benefit small and micro businesses in this sector. Consulting on any planned regulatory change to Whiplash Regulation and providing a long notice period for any amendments is most likely to benefit a larger business in the insurance sector.

Table 4: Desired improvements for each size of business

Desired improvement	Which size of business would it be most beneficial to?
One destination for information and updates	Of most importance to small and micro businesses without teams or individuals dedicated to finding this information.
Clarity and simplicity when a new regulation is introduced or an existing regulation is changed	Of higher importance for SMEs who don't have in-house finance, compliance and legal teams to interpret new regulations or changes.
Consult on new regulations or changes	Tended to be seen as more important to medium and large businesses wanting to exert their influence (and with the capacity to do so).
Maintaining stability and providing enough notice of change	Businesses of all sizes felt this would make compliance easier, but this suggested improvement would particularly help medium and large sized firms where, due to scale, the implementation of any regulatory change is likely to take longer to achieve.
Reducing the administrative burden by increasing digitalisation	Applicable to all businesses of all sizes.
Provide support and education	Of higher importance for SMEs who don't have in-house teams will the skills to provide support and education.
Allow flexibility to support growth and development	Applicable to all business sizes.
Iron-out aspects of regulations perceived to be 'illogical' or 'disproportionate'	Applicable to all business sizes.

The impact of COVID-19 on businesses views of regulation

Summary: The furlough scheme and any relaxations to compliance regimes have been appreciated since they were felt to demonstrate an understanding of the position many businesses are in. On the other hand, a lack of flexibility in regulators adapting to the changing conditions has not been well received. In the area of Health and Safety businesses are now calling for more sector-specific guidance to assist them with returning to work safely, with a number concerned about the additional costs of compliance to their business.

Top-of-mind for a number of businesses was the furlough scheme. Businesses were overwhelmingly positive about this support, with a few saying that it had made a significant difference in enabling them to remain in business. That said, a number of businesses of all sizes reported that they had struggled with the complexity of the application process, as well as the fast pace of implementation:

"We have furloughed over 100 staff, so we had to put in everybody's records individually. It's the time implication for my team to do it. I think there could have been an easier way. You have to go in and individually put in somebody's NI number, somebody's payroll number, somebody's pay. The onus is on us to input that information." (Law firm, Large)

Any relaxations to compliance regimes have been received well. Businesses felt that this demonstrated understanding of their position. Some examples included:

- Delays to inspections such as Farm Assurance were well received;

- The IR35 tax rule delay has caused relief for a few businesses;

- A micro finance business owner pointed out that the Financial Conduct Authority annual testing deadline has been delayed, which was perceived as helpful.

Conversely, there has been some frustration where no allowances have been made and the burden of regulation has been perceived as the same as prior to COVID-19 - with no perceived justifiable reason:

"I'm paying a lot for licences currently and I'm not using them, like my entertainment licences, TV licences, but they are not offering me a refund." (Hotel, Large)

"I'm not in the office, I'm working from home and don't have access to files, but I'm not aware they've said 'Right we are not sending out the ONS business statistics surveys until we are back to normal'." (Retail footwear, Small)

In the hugely complex area of health and safety regulations in relation to COVID-19, findings changed during the fieldwork period.

Businesses interviewed in late April and May were more understanding about the perceived lack of sector-specific guidance as the situation was fast evolving. In June, businesses were looking for detailed and sector-specific guidance to support them with the return to work and coping with the 'new normal' – especially businesses operating indoors:

"We are crying out for more specific guidance on what to do in a healthcare setting. We've got an external consultant, but they don't know any more than us. I'm just going with what my

clinicians who also work in the NHS are saying they are being told. I need more guidance." (Ultrasound clinic, Small)

Understandably, those on the front line of healthcare felt the most confident about health and safety, due to their expertise and skills:

"Yes, there's a lot more cleaning – like door handles and keyboards. But it's all lead by our Infection Control nurse." (GP surgery, small)

Those working outdoors were less concerned about meeting health and safety requirements in the context of COVID-19 e.g. those operating on construction sites, farms:

"Working outside, the social distancing isn't too much of a problem." (Construction, Micro)

Some businesses were starting to think about the cost involved in returning to work with more health and safety regulations to follow. For example, one construction firm was facing disruption due to a disagreement about who would pay for increased health and safety requirements – the local council or the construction firm. Similarly, a hotel had noticed the increased cost of health and safety equipment e.g. screens and PPE. With the exception of a pharmacy (who got a cash advance from the government to cover the cost of a 25% increase in prescriptions in March), these businesses needed to pay all additional health and safety costs.

Maintaining compliance whilst working from home was perceived to be easier for those with long-established online processes than for those with a more ad hoc, offline approach to compliance:

"The phone I'm at is my desk phone, which is sat on my coffee table. I've got my PC in front of me. I've got everything I need. So we're sticking to it [BSI standard] as it was really." (Telecoms, Small)

"I can't get into the office, so I don't know post we've received. Anything could be lurking." (Recruitment Agency, Medium)

Equally, greater online working was causing one participant in the IT industry even greater compliance difficulties:

"Zoom is huge right now, but Zoom is not secure and we have to keep telling our staff this. I feel really bad for them, because they're just looking for a service to make their lives easier, but it's not GDPR compliant." (IT, Large)

Towards the end of the fieldwork period – end of June/beginning of July - some participants were starting to reflect on the impact COVID-19 might have on compliance regimes in the longer-term:

"There's going to be a massive backlog because the MCA [Marine Coastguard Organisation] can't put themselves at risk, so they're issuing self-certification which will be in force for 6 months as an extension on your current certificate. Once that expires, there's going to be a lot of guys wanting surveys done and not enough surveyors to do them." (Fishing, Small)

Another participant from a large manufacturing business expected that their next audit inspection would require a lot more forecasting evidence than normal, given trading uncertainty for businesses in the retail sector.

Conclusions and future considerations

The four types of regulation – standards, licencing, reporting and controls – do not determine the burden or impact of a regulation on a business. Instead it is helpful to look at a particular regulation in the context of the business complying with it and the regulatory journey that business goes through.

Considering pre-implementation factors such as the complexity and reach of the regulation, the risk associated with non-compliance, level of other regulation in the sector and how recent the regulation or change is will provide invaluable context when considering what impact a regulation is likely to have.

Participants described a range of negative impacts of regulation. Cost to the business and the time taken to comply with regulation were the most commonly mentioned negative impacts. That said, it is important to recognise that there are also qualitative impacts: fear and frustration. These impact perceptions of regulations and regulators and may ultimately impact attitudes towards compliance.

The range of positive benefits identified in this report – including accreditation, enhanced safety, increased efficiency, greater legal protection – can be considered alongside these negative impacts when looking ahead to the development of a new Business Impact Target (BIT). It is also important to note that businesses weigh up these positive and negative impacts in order to form a value judgement about that regulation.

The research identified a number of factors that could be considered when designing a new regulation or making significant changes to an existing one:

- The interpretation of a new regulation within a particular sector can be difficult, therefore any up-front support on translating regulations to different circumstances would be welcome.

- Businesses tend to think of the benefits or purpose of a regulation in the context of their business or customers. They are unlikely to see the 'bigger picture' benefits to society, at least at the outset.

- Tangible benefits such as accreditation or ratings that are customer-facing or have a positive impact for staff are likely to be well received.

- Small and Micro businesses can quickly become overwhelmed by complex, detailed and technical regulations such as AE or Anti Money Laundering. Providing clear, simple information that is tailored to their specific industry would help.

- Reducing the administrative burden of regulation would be well received through increased digitalisation and providing one clear destination for any information regarding the regulation and updates to it.

- Larger businesses would welcome consultation on regulations or changes to them.

- Stability of regulation is important to all business sizes and sectors, and particularly in the current challenging climate (see below).

- Any elements of a regulation perceived as 'illogical' or 'disproportionate' is likely to cause real frustration for businesses.

Considerations looking ahead to the 'new normal'

Participants looking ahead to a post COVID-19 world hoped regulators and government would support them in two ways: first by providing flexibility and notice of any changes, and second by assessing whether a change or update to regulation (outside of Health and Safety) is strictly necessary as businesses get back up and running.

Existing examples of flexibility provided by regulators have been well received (as discussed above) and some felt this flexibility should continue for a longer time period. Participants were keen that they should be given notice of any regulatory changes than normal, in recognition of that fact that many businesses are not working at full capacity due to social distancing or furlough. In addition, participants called for a 'grace period' for any licence updates or testing required.

Some felt that any updates to regulations or introduction of new introductions should be pushed back owing to the pressure businesses perceive themselves to be are under in the present climate. For example, a few businesses were keen for the IR35 tax rule to be reviewed again in case of a second wave over the winter months. Small and micro firms spoke of the pressure on senior teams trying maintain business as well as implement new health and safety procedures. In larger and medium firms, this pressure was often felt by one department or individual who was responsible for compliance.

Appendix

Glossary of terms

Animal Transportation Licence https://www.gov.uk/government/publications/application-for-a-united-kingdom-animal-transporter-authorisation-for-type-1-authorisations-valid-for-journeys-over-65km-and-up-to-8-hours

Anti-Corruption Legislation https://www.gov.uk/government/collections/anti-corruption#anti-corruption-legislation

Anti-Money Laundering : https://www.fca.org.uk/firms/financial-crime/money-laundering-terrorist-financing

Automatic Enrolment (AE) https://www.thepensionsregulator.gov.uk/en/employers

British Standards – Telecomms https://www.bsigroup.com/en-GB/

Control of Substances Hazardous to Health (COSHH): https://www.hse.gov.uk/coshh/

CQC standards https://www.cqc.org.uk/what-we-do/how-we-do-our-job/fundamental-standards

Dangerous Substance and Explosive Atmosphere Regulation (DSEAR) https://www.hse.gov.uk/fireandexplosion/dsear.htm#:~:text=DSEAR%20stands%20for%20the%20Dangerous,explosion%20and%20corrosion%20of%20metal.

Driver Hours Standards https://www.gov.uk/drivers-hours/eu-rules

EC Waste Framework Directive: https://ec.europa.eu/environment/waste/framework/by_products.htm

Energy Savings Opportunity Scheme (ESOS): https://www.gov.uk/guidance/energy-savings-opportunity-scheme-esos

Falsified Medicines Directive – EU: https://www.gov.uk/guidance/implementing-the-falsified-medicines-directive-safety-features

Farm Assurance https://assurance.redtractor.org.uk/standards

Fishing Boat Vessel Licence https://www.gov.uk/fishing-vessel-licence-under-10-metres

Fit and Proper FCA https://www.fca.org.uk/firms/approved-persons/fitness-propriety

Food Safety Standards https://www.food.gov.uk/

Football Club Licence http://www.thefa.com/football-rules-governance/policies/player-registration

Furlough Scheme https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme

Gender Pay Gap Reporting https://www.gov.uk/guidance/gender-pay-gap-reporting-overview

General Data Protection Regulation (GDPR)
https://www.gov.uk/government/publications/guide-to-the-general-data-protection-regulation

Health and Safety (H&S) https://www.hse.gov.uk/

Houses of Multiple Occupants Licencing (HMO Licencing) https://www.gov.uk/house-in-multiple-occupation-licence

IR35: https://www.gov.uk/guidance/understanding-off-payroll-working-ir35

Institute of Residential Property Managers standards https://irpm.org.uk/public/home

Live Animal Transport/ Movement of Live Animals Regulation:
https://www.gov.uk/guidance/farm-animal-welfare-during-transportation

ONS Business Survey
https://www.ons.gov.uk/surveys/informationforbusinesses/aboutonsbusinesssurveys

Partnership Accreditation for Landlords (PALS) https://www.pal-online.org.uk/

Rateable Values https://www.gov.uk/introduction-to-business-rates/how-your-rates-are-calculated

Suspicious Activity Report (SAR) https://www.nationalcrimeagency.gov.uk/who-we-are/publications/158-introduction-to-suspicious-activity-reports-sars/file

TACCP (Threat Assessment and Critical Control Point)
https://www.food.gov.uk/sites/default/files/media/document/pas962017_0.pdf

VOSA Operators Licence https://www.gov.uk/being-a-goods-vehicle-operator

Whiplash Regulation https://www.gov.uk/government/speeches/implementation-of-the-whiplash-reform-programme

Research discussion guide

Introductions, explanations, permissions (5 minutes)

- Introduce self and Research Works Limited, an independent market research agency.

- The research is being conducted on behalf of the Better Regulation Executive, which is part of the Department for Business, Energy and Industrial Strategy. The objective is to ask businesses about the steps they take to comply with specific regulations and the impact of complying with these regulations.

- Explain confidentiality (GDPR and MRS code of conduct).

- Ask permission to record the interview.

- Invite any questions about the research process.

PART 1: EXPLORING INFORMATION FROM THE RECRUITMENT QUESTIONNAIRE

Business context (5 minutes)

- Recap on key elements of what we know about the business from the recruitment questionnaire i.e. industry, size, markets.

- Recap on what we know about participant i.e. position within the company, role in relation to complying with regulations.

- Ask participant to describe any recent changes and developments i.e. growth, product or process changes.

- Ask participant to identify any changes in regulation (policy or process) that has affected the business recently.

- Probe: to what extent, if at all, have any changes in regulation impacted on recent business developments or future plans?

PART 2: EXPLORING INFORMATION FROM THE PRE-TASK DOCUMENT

What businesses understand by 'regulation' (5 minutes)

As you know, this project is all about regulation.

- Firstly, what (if anything) does 'regulation' mean to you? Probe: what or who has influenced your answer?

Secondly, looking at slide 4, we have divided regulation into 4 different 'types'.

- Which of the four different types of regulation does your business need to comply with?

    o Probe: licensing, reporting, standards, controls.

- Moderator check: is your answer based on your knowledge of the business as a whole or your knowledge of particular parts of the business?

Acknowledge that this is only one way of looking at regulation.

- How did you react to this particular way of looking at regulation (i.e. divided into four different types of activity)?   Probe: did it describe activities you would consider 'regulatory'? Why/ not?

- Does your overall perspective on regulation differ? If so, how does it differ – and why?

Identifying the most challenging regulations (5 minutes)

On slide 5 we asked you to identify which 3 regulations you feel are the most burdensome for your business to comply with. For each of the three identified:

- [If not obvious]: who is the source of this regulation? Why does the business need to comply with it?

- Why is this regulation particularly challenging/burdensome for your business?

    o Probe: in which specific ways is it burdensome?[1]

- What negative impact does complying with this regulation have on the business?

    o Prompt [if necessary]: if the business did not need to comply with it, what would it gain?

- Does complying with this regulation bring benefits to the business in any way? If so, which?

    o Probe: if you did not need to comply with it, what would the business lose (if anything)?

Thinking about this group of three regulations:

- Do they have anything in common?[2]

Regulations perceived to be more beneficial (5 minutes)

On slide 6 we asked you to identify which 3 regulations are the most beneficial for your business to comply with. For each of the three identified:

- [If not obvious]: who is the source of this regulation? Why does your business need to comply?

- What benefits does complying with this regulation bring:

    o To the business?[3] Prompt [if needed]: if the business did not need to comply with it, what would it lose?

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[1] Moderator listen out for: length of time taken to comply, keeping up-to-date, administration, duplication, inspections, licenses/permits, differences between countries/home nations/LAs, establishing whether compliant

[2] Moderator listen out for: same types of regulation, similar activities required, from particular sources?

[3] Moderator listen out for: increase trust amongst customers/suppliers, drive productivity/investment/growth, improve competition, provide new opportunities

o To the market or society more generally e.g. for businesses within this market, for customers, for society more generally?

Thinking about this group of three regulations:

- Do they have anything in common?[4]

PART 3: CREATING REGULATION COMPLIANCE JOURNEYS

Keeping up-to-date with regulations relevant to your business (5 minutes)

Firstly, I'd like to ask you a general question:

- How does your business keep up-to-date with new regulations that it needs to comply with?
    - o Probe: what does it do?[5]
- Who is involved in completing these tasks?
- How much does keeping up-to-date cost? Moderator, please use worksheet below.

Costs for tasks associated with keeping up-to-date with regulation in general:

	Conducted by whom – internal or external?	If internal, what staff grade?	What costs are involved? Number of hours/days or fees
Ongoing tasks			
Ad hoc tasks			

Administrative

Secondly, here's a question about the most challenging regulations you have identified:

- How does your business keep up-to-date with new requirements for complying with each specific regulation?
    - o Probe: what does it do?[6]

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[4] Moderator listen out for: same types of regulation, similar activities required, from particular sources?
[5] Moderator listen out for: monitor government announcements, liaise with industry bodies, employ external advisers

- Who is involved in completing these tasks?

- How much does keeping up-to-date cost? Moderator, please use worksheet below.

Costs associated with keeping up-to-date with new requirements for these specific regulations:

	Conducted by whom – internal or external?	If internal, what staff grade?	What costs are involved? Number of hours/days or fees
Ongoing tasks			
Ad hoc tasks			

Administrative

Two individual regulation compliance journeys (10 minutes each)

Now I want us to focus on one of the regulations you have identified as burdensome:

- Please talk me through the tasks involved in complying with this regulation?

    - Moderator, let participant 'tell the story' of complying with the regulation task-by-task. It may be helpful to ask them to start at the beginning of a compliance 'cycle' (if one exists).

Moderator: note the sequence of tasks which journey as they recount it.

When participant has finished the 'story', check whether they have overlooked any other tasks involved. Moderator, use the prompts below and add them to the 'story'.

Any record keeping or reporting tasks	And if so, ask them to specify – daily, monthly, annually, ad hoc?
Any inspection/enforcement related tasks	And if so, ask them to specify – ongoing tasks, preparation, inspection, responding to enforcement action?
Any training related tasks	And if so, ask them to specify – what type of training?

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[6] Moderator listen out for: monitor government announcements, liaise with industry bodies, employ external advisers

Any fees and charges	And if so, ask them to specify what - e.g. obtaining licenses/permits, accreditation?
Any changes to infrastructure, processes or systems	And if so, ask them to specify what - e.g. purchasing new equipment, changing physical facilities, redeploying workforce?

- When the task-by-task journey is complete, for each task mentioned, ask participant to consider what costs are incurred in completing each task. Moderator, use the worksheet in the APPENDIX.

- When each journey is complete, for each task mentioned, ask participants to consider what they understand the purpose of that task or stage is? Explore understanding of that element

Now that we've talked through how your company complies with this particular regulation, I'd like to ask you to reflect on the 'pain points' in this process:

- Which are the most painful points in this process? Why?

    - Probe: what is the specific nature of the pain involved?[7]

- And what is the impact do these points of pain have on the business?[8]

- What, if anything, could be done to reduce the pain points in this specific journey?

- Does complying with this regulation have any benefits for your business?

- How do the benefits compare with the burden/pain? Probe: do the benefits outweigh the burden or the burden outweigh the benefits – and if so, by how much?

So far in our discussion we have talked about how your business complies with regulation in a pre-lockdown context. I'd now like to ask you to think about compliance with this regulation in the context of lockdown and the coming months.

- Has lockdown, or any new ways of working as a result of lockdown, had an impact on any of the tasks involved in complying with this regulation? Probe: in what ways?

- What, if anything, could be done to support your business to comply with this regulation in the near future? Probe: what could help in the context of the next 6 months as the UK recovers from the impact of COVID-19

Moderator, repeat section 7 for second burdensome journey.

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[7] Moderator listen out for resource, time, delays, costs,
[8] Moderator listen out for delays bringing product/service to market, reduces productivity, increased prices, inhibits workforce expansion

PART 5: SUMMING UP & NEXT STEPS

Summing up (5 minutes)

- What should government focus on when reviewing regulation?
  - o Prompt [if necessary]:
    - Ensuring stability in the regulatory landscape
    - Removing administrative burdens for complying with existing requirements
    - Reducing the number of new regulatory requirements
    - Supporting fair competition between businesses
    - Supporting businesses develop new or improved products, processes or models
    - Maximising wider social objectives e.g. environmental protections, workers' rights
    - Facilitating international trade and investment

Next steps (5 minutes)

Once we have reviewed all our qualitative data, we may ask you to complete a post-task. This will involve us sending you a written up version of one of your regulation compliance journeys with a request to complete any details we may have missed, as well as costing up the individual tasks we have discussed.

- *Would you still be willing to participate in this next stage?*

MODERATOR APPENDIX - WORKSHEET FOR USE IN SECTION 7

Costs for any record keeping/reporting style tasks required to comply with this regulation:

	Conducted by whom – internal or external?	If internal, what staff grade?	What costs are involved? Number of hours/days or fees
Daily tasks			

Monthly tasks			
Annual tasks			
Ad hoc tasks			
Other			

Administrative

Costs for any tasks associated with inspection/enforcement required to comply with this regulation:

	Conducted by whom – internal or external?	If internal, what staff grade?	What costs are involved? Number of hours/days or fees
Ongoing tasks			
Prep for inspection			
Inspection			
Enforcement			

Administrative

Any costs for staff training to complete tasks required to comply with this regulation:

	Internal training	External training
Ongoing training		
One-off training		

Administrative

Any fees or charges associated with this regulation e.g. obtaining licenses, gaining accreditation:

	One off or ongoing?	Cost involved?

Type of fee/charge:		
Type of fee/charge:		
Type of fee/charge:		

Administrative

Any costs for any changes to physical infrastructure, processes or systems e.g. purchasing new equipment, changing physical facilities, redeploying workforce?

	One off or ongoing?	Cost involved?
Type of change:		
Type of change:		
Type of change:		

Policy changes

A breakdown of the individual interviews

The interviews were spread across UK regions.

Sector	Industry	ONS SIC code division and group	Size
Agriculture, forestry and fishing (A)	Animal farming	01.4	Micro
Agriculture, forestry and fishing (A)	Crop farming	01.1	Micro
Agriculture, forestry and fishing (A)	Fishing	03.1	Small
Production (incl. mining, utilities, manufacturing)	Concrete and quarrying	08.1	Small

(B, C, D, E)			
Production (incl. mining, utilities, manufacturing) (B, C, D, E)	Utilities	35.1	Medium
Production (incl. mining, utilities, manufacturing) (B, C, D, E)	Furniture manufacturing	31.0	Large
Production (incl. mining, utilities, manufacturing) (B, C, D, E)	Food manufacturing	10.8	Large
Construction (F)	Machinery operator	43.1	Micro
Construction (F)	General construction	41.2	Small
Construction (F)	Renovation	41.2	Small
Construction (F)	Painting and decorating	43.3	Medium
Wholesale and retail (incl. repair of motor vehicles) (G)	Footwear	47.7	Small
Wholesale and retail (incl. repair of motor vehicles) (G)	Pharmacy	47.7	Small
Wholesale and retail (incl. repair of motor vehicles) (G)	Motor vehicles	45.2	Medium
Wholesale and retail (incl. repair of motor vehicles) (G)	Food wholesale	46.3	TBC
Transport and storage (H)	Removals	49.4	Small
Transport and storage (H)	Storage	52.1	Small
Transport and storage (H)	Haulage	49.4	Medium
Accommodation and food (I)	Hotel	55.1	Small
Accommodation and food (I)	Hotel & events	55.1	Medium
Accommodation and food (I)	Catering business	56.2	Medium
Accommodation and food (I)	Hotel	55.1	Large
Information and communication (J)	TV and video production	59.1	Micro

Challenges businesses face when complying with regulation

Information and communication (J)	Telecomms	61.1	Small
Information and communication (J)	IT & Telecomms	62.0	Small
Finance and insurance (K)	Mortgage broker	64.9	Micro
Finance and insurance (K)	Insurance	65.1	Medium
Finance and insurance (K)	Insurance	65.1	Large
Property (L)	Lettings Management	68.2	Small
Property (L)	Estate agent	68.3	Medium
Property (L)	Sales & lettings	68.3	Large
Professional, scientific and technical (M)	Accountancy	69.2	Micro
Professional, scientific and technical (M)	Engineering/Architecture	71.1	Medium
Professional, scientific and technical (M)	Management Consultant	70.2	Large
Professional, scientific and technical (M)	Law	69.1	Large
Professional, scientific and technical (M)	Geo-environmental consultancy	74.9	Large
Business admin and support (N)	Travel agency	79.1	Micro
Business admin and support (N)	Business centre	82.1	Small
Business admin and support (N)	Recruitment	78.1	Medium
Business admin and support (N)	Environmental consultancy/ facilities support	81.1	Large
Public administration and defence (O)	Prison services	84.2	Large
Education (P)	Primary school	85.2	Small
Education (P)	Employment Training	85.5	Medium
Education (P)	Higher Education	85.4	Large
Health and social work (Q)	Ultrasound clinic	86.9	Small

Health and social work (Q)	GP Surgery	86.2	Medium
Health and social work (Q)	Mental Health Trust	86.1	Large
Arts/entertainment/recreation (R,S,T,U)	Theatre	90	Small
Arts/entertainment/recreation (R,S,T,U)	Cinema	90	Medium
Arts/entertainment/recreation (R,S,T,U)	Sports organisation	93.1	Large

Scoring the pre-implementation factors

The below chart illustrates the system employed to scale each of the pre-implementation factors where 1 is low and 3 is high. This is designed as a qualitative scale which can be applied to any regulation or business sector.

Figure 4 : Qualitative rating scales for each of the 5 pre-implementation factors

Starting point: qualitative rating scales for each of the pre-implementation factors

Recency	Complexity	Risk	Reach	Levels within sector
High = introduced or changed in past two years. E.g. GDPR, AE	**High:** challenging within a sector e.g. Health & Safety in production or construction	**High:** non compliance means closing down or risk to human health e.g. CQC standards, TACCP	**High:** a majority of employees need to comply e.g. GDPR, Health and Safety	**High:** a heavily regulated sector e.g. finance, farming, production, healthcare
Medium = within 2-5 years. E.g. TACCP, ESOS	**Medium:** e.g. Health and Safety in transport	**Medium:** non compliance means fines e.g. Operators Licence	**Medium:** some employees needs to comply e.g. money laundering, ESOS	**Medium:** a sector with some regulation e.g. construction, transport
Low = been around for a long time. E.g. PAYE, some forms of reporting	**Low:** less challenging within a sector e.g. Health and Safety in an office such as the property sector	**Low:** little or no impact of non compliance e.g. voluntary standards	**Low:** impact felt by 1 individual or department e.g. AE, company reporting	**Low:** fewer types of regulation specific to the sector e.g. business admin, arts and entertainment