

## Regulatory Policy Committee - meeting minutes

Monday 14 July 2014  
1 Victoria Street, London

**Present:** Michael Gibbons (Chair), Alex Ehmann, Jeremy Mayhew, Ian Peters, Martin Traynor, Sarah Veale, David Parker; Ken Warwick; Secretariat.

**Also attending:** Scott McAusland (communications advisor); Framework review item: Rachel Sandby-Thomas, Department for Business, Innovation & Skills; Ignacy Swiecicki.

### 1. Minutes of the previous meeting, updates and matters arising

The Committee approved the minutes of the previous meeting, subject to drafting changes.

The Chair provided feedback on his meeting with Michael Fallon (1<sup>st</sup> July) and subsequent discussions with BRE.

The Secretariat discussed a Better Regulation Executive research project to explore how businesses find out about regulatory changes and how this impacts on familiarisation. Members discussed the inherent tension between annualised costs (using equivalent annual net cost to business (EANCB) as an example) and the fact that familiarisation costs are felt in the first year of a policy.

Members requested further information on departmental RAG ratings in future update notes to place figures in context, for example through including running totals for the year.

Members discussed the issue of cost and benefit pass-through. The Chairman saw a risk to the credibility of the RPC's opinions where the application of the guidance on pass-through to determine which impacts are direct might not match the experience of businesses. Members agreed that the treatment of increased costs to business, which are passed through to customers, must be treated consistently with benefits to business. Members asked the secretariat to ensure there is a consistent form of words explaining the methodology, to feature in the relevant opinions and be ready to support any media contact.

### 2. Framework Review – RPC contribution to the review of the better regulation framework / 'One-in, Two-out' methodology

The Secretariat introduced the paper (*introduction to the proposed workplan for 2014/15*). The work is intended to explore how to meet the obligations of the Small Business, Enterprise and Employment Bill regarding independent scrutiny, and provide broader views to cover the whole better regulation framework, as the draft Bill only puts a very small range of issues out of scope.

Members questioned the extent to which the government review would be

external, and open to wider input. Members felt a key goal should be the simplification of the system and framework – most existing challenges come from the complexities within the existing system. The RPC should be championing simplicity as a key principle in the decision making.

Members stated the need for the development of first principles to inform the review, and future design of the framework, to link decisions back to the purpose of the framework rather than just focusing on the resolution of individual circumstances. Further clarity was needed on the extent to which the review is focusing on the overall framework or the ‘nuts and bolts’ of its operation.

Members questioned the extent to which the RPC should be raising issues that could be seen to impinge on policy, for example where there are risks that the Committee could comment on deregulatory policy. Members agreed that there are legitimate areas for the RPC to comment on that relate to the experiences of the Committee and risks and benefits of changes to the scrutiny and validation function.

Members raised consolidation, implementation/enforcement issues, and the role of post-implementation reviews (PIRs), as the likely ‘big ticket items’ in the coming years. Implementation is an issue that the RPC have been generally quiet on but will be significantly more important in light of PIRs, but also as the majority of business experiences relate to the implementation of regulations rather than the legislation itself.

The focus of the Committee has increasingly been driven towards ‘One-in, Two-out’ by the existing methodology. Reviewing the framework offers an opportunity to explore the need for refocusing the framework. Members were clear that the RPC contribution should focus on areas of experience, with any recommendations clearly based on specific examples from that experience.

Members repeated the need for an effective systematic review to include external thinking on what system would work well. Members felt that external thinking would highlight the potential to place greater emphasis on costs and benefits to wider society (beyond business and civil society organisation impacts) as key aspects of informing regulatory decisions.

The Secretariat outlined timetable is to produce RPC views during this calendar year, to feed into the wider review and to reflect in the annual report.

### **3. Communications and stakeholders**

The Secretariat introduced the overarching communications and stakeholder engagement plans. For the communications plan the Secretariat highlighted the intention to seek views on the actions and timetables. Scott presented information on what has been achieved to date and the work that is already in hand.

Members discussed the objective for the creation of greater levels of social media

content. Members agreed that there needed to be some more detailed mapping of stakeholders, to identify where they are now and set goals for where we want to get them to, in order to inform prioritisation.

#### **4. Methodology**

Pass-through - members discussed the extent to which the pass through elements of certain cases should be included as direct impacts. It was agreed that there would need to be a regulatory underpinning to require the costs or benefits to be passed through for them to be considered direct. Members agreed that these issues should feed into the framework review.

The extent to which policy objectives are intended to achieve a specific goal, but for which the impacts are not direct under the current methodology, should also form part of the consideration of future methodologies.

Members welcomed the recognition that further work is needed on definitions to ensure that those operating as businesses are correctly treated under the methodology (for example to avoid inappropriately excluding from the scope of OITO any businesses operating as contractors to the public sector.)

#### **5. AOB**

None raised.