

Regulatory Policy Committee		OPINION	
Impact Assessment (IA)		Industrial Emissions Directive	
Lead Department/Agency		Department for Environment, Food and Rural Affairs	
Stage		Final	
Origin		Europe/Domestic	
IA number		Defra 1375	
Date submitted to RPC		01/10/2012	
RPC Opinion date and reference		09/10/2012	RPC11-DEFRA-1160(2)
One-in, One-out (OIOO) Assessment		GREEN	
<b>Overall comments on the robustness of the OIOO assessment.</b>			
<p>The proposal is a recast of an EU Directive and will result in increased costs to business estimated to be some £105 million per annum. As these increased costs are the result of a European measure, with no evidence of gold-plating or failure to derogate, they are out of scope of ‘One-in, One-out’ in accordance with the current One-in, One-out Methodology (paragraph 22-24).</p> <p>However, the IA says that the recast provides the opportunity to review certain existing UK regulatory requirements in this area. This aspect of the proposed measure is deregulatory and has a direct net benefit to business (an ‘OUT’) with an estimated Equivalent Annual Net Cost to Business (EANCB) of (-)£0.5m. The categorisation and monetised estimate are consistent with the current One-in, One-out Methodology (paragraph 18) and provides a reasonable assessment of the likely impacts.</p>			
<b>Overall quality of the analysis and evidence presented in the IA</b>			
<p><i>One-in, One-out (OIOO).</i> For OIOO purposes, the IA claims an OUT with an EANCB of (-)£0.5m which is in accordance with the current OIOO Methodology. However, in the absence of a formal OIOO assessment, this could be misinterpreted as the recast of the Directive being beneficial to business and as such could be used to source OUTs. Therefore, the IA would benefit from including a OIOO assessment as this would clarify that the recast of the Directive itself will be net costly for business (an increased cost of approximately £105m per year) but is out of scope of OIOO. This would also make it clearer that the department is taking the opportunity of transposing the recast to review domestic legislation in this area, and that it is the simplification of a small part of these regulatory requirements that forms the basis of the ‘OUT’. Given that the source of the ‘OUT’ is not of European origin and hence not part of the recast, the department may wish to consider if it is appropriate to appraise the simplifications in this IA or whether they should be in a separate IA.</p> <p>In addition, the department has provided us with further information that explains the extent to which the consultation has been used to inform the estimated impacts, and how these have been estimated. This supplementary information</p>			

should be included in the IA prior to publication.

**Signed**

A handwritten signature in dark ink, appearing to read "David Parker", is written across the middle of the signature line.

**David Parker,**  
Committee Member