

Introduction of new powers for access to identified data for the purposes of producing national and other official statistics and research

Cabinet Office

RPC rating: validated

Description of proposal

The proposal will create legislation that grants the UK Statistics Authority a statutory right of access to data from medium and large businesses (consistent with the definition in the Small Business Enterprise and Employment Act 2015) and other government departments. The data will be used solely for the production and publication of statistics that serve the public good. The power will only be exercised where scoping exercises have revealed that the data is of sufficient quality and coverage to contribute to the production of official statistics. Furthermore, the Statistics Authority will only seek to extract data from businesses best-positioned to absorb the burdens.

Currently, businesses are required to respond to a number of surveys with a statutory basis that allows the Statistics Authority to gather the data. By granting the Statistics Authority free access to data, the proposal will allow the Statistics Authority to shorten the length of several existing surveys. The Department expects that this reduction in the burden of surveys will outweigh any increased burden of maintaining the data in a specified way. Therefore, the proposal is expected to be net beneficial to business.

Impacts of proposal

Costs

Up to 42,000 businesses are in scope of the proposal by definition; however, the IA states that the proposal is expected to lead to actual data requests from a far smaller number of entities. The UK Statistics Authority estimates that around 200 businesses will be asked for data under the proposal, based on the aforementioned principles regarding data quality and coverage, and proportionality.

Businesses are expected to incur costs related to the handling of data and transferring the data to the Statistics Authority. These costs are expected to be particularly high in the first year, as businesses may be required to submit data from previous years. The one-off costs to each business are expected to amount to

around £40,000. The department expects this to total to around £9 million across all businesses in the first year, once adjusted to take account of an optimism bias. From the second year onwards, recurring compliance costs to business are estimated to be around £5,000 to each business per year. These recurring costs will amount to around £8.5 million over the 10 year appraisal period in NPV terms.

Benefits

Based on the experience of other countries that have implemented data access policies, the Statistics Authority expects the length of mandatory surveys to be shortened as it would already have access to much of the data it requires. This will produce a time saving to businesses. The IA lists 10 surveys expected to be reduced in length (e.g. ASHE). The combined saving to business is expected to be around £22 million in 10 year NPV terms.

The IA also explains that there are expected to be some effects to the public sector, which include set-up and compliance costs for other government departments and savings to the ONS. There are also expected to be wider economic benefits resulting from increased transparency; these include an increase in overall productivity and a reduced likelihood of recession.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of -£0.5 million. This will be a qualifying regulatory provision that will score under the business impact target.

Quality of submission

While the RPC is able to validate the EANDCB, the NPV calculations are not robust due to a number of issues. Although the RPC encourages the analysis of wider societal impacts, the majority of the societal NPV in this IA can be attributed to a potential increase in GDP and a reduction in the scale of recessions. Whilst an increase in transparency may theoretically lead to these effects, these results are insufficiently evidenced and extremely volatile (as a 0.001 change in GDP would produce a difference of around £200 million to the IA's NPV).

The IA provides in-depth analysis of all the expected impacts. While this level of detail is useful, the IA could be improved by providing a more effective summary of the total impacts to business in the main body of text. Some of the detail would have been more appropriately placed in an annex.

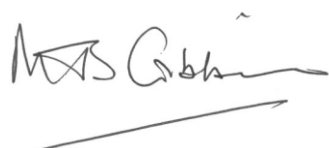
The IA would benefit from a greater explanation of the scoping exercises that have been completed by the Statistics Authority and the resulting 200 businesses that are expected to be affected. These exercises are used to justify the number of businesses` that the Statistics Authority expects will be burdened by the proposal; therefore, an insight into the origin and robustness of this number would be useful.

Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net cost to business (EANCB)	-£0.5 million
Business net present value	£4.78 million
Societal net present value	£237 million

RPC assessment

Classification	Qualifying regulatory provision (OUT)
EANCB – RPC validated ¹	-£0.5 million
Business Impact Target (BIT) Score ¹	-£2.5 million
Small and micro business assessment	Not required (deregulatory)



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.