



Business Plan 2013-14

Introduction

- This is the 2013-14 annual business plan for the Regulatory Policy Committee, in which we cover:
- The background and remit of the Committee;
- Details of the Committee members;
- Our main priorities and key proposed deliverables for the year ahead; and
- A summary of our key achievements over the 2012-13 period.

The Regulatory Policy Committee

- The Regulatory Policy Committee (RPC) was established in September 2009 as an ad-hoc advisory body and in April 2012 became an advisory Non-Departmental Public Body – sponsored by the Department for Business Innovation & Skills.
- The RPC is tasked with providing for the first time in the UK, independent scrutiny of proposed regulatory measures put forward by Government.
- The RPC’s role is to review the evidence and analysis supporting new regulatory proposals prior to final Ministerial decisions, to ensure that when Ministers make decisions on proposed new regulations, they do so against the background of a robust, evidence-based policy making process. We do this by providing our Opinion on the appraisal of new regulatory proposals directly into the Reducing Regulation Cabinet sub-Committee (RRC) which is chaired by the Secretary of State for Business, Innovation & Skills.
- The RPC also plays a key role in the Government’s wider better regulation agenda through the validation of the Equivalent Annual Net Cost to Business calculations for all new regulatory and deregulatory proposals that are in scope of the government’s One-In, Two-out system – these figures are presented in the bi-annual Statements of New Regulation published by Government.
- In addition, Ministers have also asked the RPC to play a stronger role in a number of other areas of the regulatory framework, including reviewing the Small and Micro Business Assessments put forward by departments in their Impact Assessments, reviewing issues facing “Challenger Businesses” and in arbitrating in disputes between non-economic regulators and businesses via the new Accountability for Regulator Impact regime.
- At a European level the RPC works with the similar bodies across Europe and has worked with the OECD to encourage the adoption of better regulation principles at a European and wider international level.

Regulatory Policy Committee Members

The Regulatory Policy Committee consists of an independent committee, that meets formally on a monthly basis, and is supported by a secretariat of civil servants.

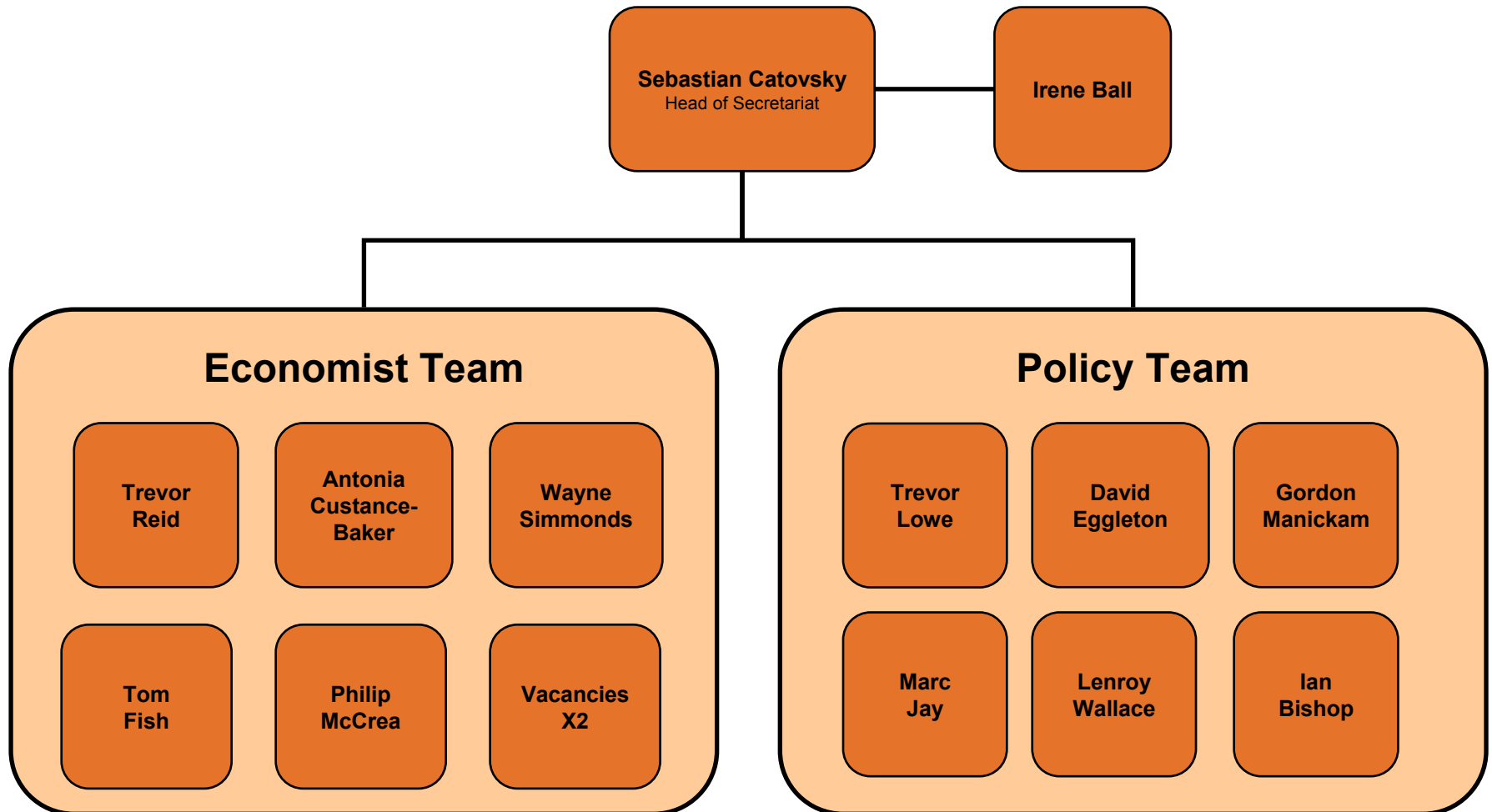
The Committee consists of a mix of eight independent experts with a wide range of experience and current knowledge of business, employee and consumer issues and were appointed after an open competition which followed the Commissioner for Public Appointments' Code of Practice.

The current Committee members are:

- Michael Gibbons (Chairman)
- Alexander Ehmann
- Jeremy Mayhew
- David Parker
- Ian Peters
- Martin Traynor
- Sarah Veale
- Ken Warwick

Full biographical details of the Committee are available, as well as papers for the RPC, including the annual reports, are published on the RPC website - <http://regulatorypolicycommittee.independent.gov.uk/>

The Committee is supported by a Secretariat funded by the Department for Business, Innovation and Skills. The current members of the Secretariat are as follows.



Key Achievements of 2012

- The RPC's 2012 work load increased in comparison to 2011 – primarily due to an increase in deregulatory measures brought forward by departments. The RPC issued a total of 654 Opinions, up from 579 in 2011.
- In addition to successfully handling the increased work load, 2012 also saw the following RPC activity:
 - Provided support to BIS in producing the 3rd, 4th, and 5th Statements of New Regulation
 - Publication of RPC 2011 Annual Report
 - Induction of a new Committee
 - Establishment the Committee as a formal advisory Non-Departmental Public Body
 - Introduced new processes to incorporate the new Fast Track system
 - Welcomed a new role of investigating concerns with regulations raised by 'Challenger Business'
 - Produced a joint paper with other European Watchdogs on Smart Regulation
 - Publication of Mid year 2012 RPC Report.
- Performance against targets set – *Ministers have asked the RPC to undertake its independent reviews of main Impact Assessments and Fast Track within 30 working days and 10 working days respectively. No formal target has been set for EANCB validations – but our performance for these measures is included for completeness.*
 - Average turn-around times for published opinions on:
 - Full Impact Assessments - **16.4** working days
 - Fast Track Regulatory Triage Assessments **11.6** working days
 - EANCB validations **21.7** working days
 - Overall turnaround time – **16** working days

The RPC's key priorities for 2013-14

- Provide high quality independent scrutiny of the evidence and analysis supporting regulatory policy making in a timely and consistent manner;
- To support the UK's government policy to reducing the impact of regulation on business, by providing independent validations of the 'Equivalent Annual Net Cost to Business', which are used to calculate compliance with the 'One-In, Two-Out' rule;
- To ensure that Ministers' decisions on new regulations are effectively informed of the likely impact on small and micro businesses;
- To continue to build strong relationships with key stakeholders to promote better and smarter regulation through encouraging a wider understanding of: the value of high-quality independent scrutiny, the role of the RPC, and the use of evidence and analysis in policy appraisal;
- To undertake independent investigative activity into the barriers that hold back innovative challenger businesses and publicly report on our findings;
- To support and engage with the Government's programme of Accountability for Regulator Impact
- To contribute to a culture change towards transparent evidence based policy development within the European Institutions.

The section below describes these priorities in more detail, including key milestones.

Section 2: 2013-14 Key Priorities

Priority 1: To continue to provide high quality independent scrutiny of the evidence and analysis supporting regulatory policy making in a timely and consistent manner.

- The RPC reviews all Impact Assessment accompanying regulatory proposals submitted to the Reducing Regulation Committee (RRC). The RPC provides comments on the quality of the evidence and ‘fit for purpose ratings’ in published Opinions, presented to RRC Ministers prior to them making their decisions on new regulatory proposals, both at consultation and final stage.
- The RPC will also provide Opinions on Post Implementation Reviews.
- In August 2012 the Government introduced a fast-track system for all deregulatory measures and those measures with a cost to business and civil society organisations under £1 million pa. Under this system the RPC is still required to consider the validity of departments’ assessments regarding the impacts of proposals on business and civil society organisations.
- The RPC has agreed with Ministers that Opinions on full Impact Assessments will be provided within 30 working days. Where approval is sought for a proposal’s eligibility for the fast-track, the RPC has been asked to respond within 10 working days. Whilst no formal target has been set for EANCB Validations the Committee has set itself a 20 working day target for such measures.

PROGRAMME DELIVERY AREA: 1. Independent scrutiny of main IAs and Fast Track measures	<i>To provide high quality independent scrutiny of the evidence and analysis supporting regulatory policy making in a timely and consistent manner.</i>	
<u>ACTIVITES</u>	Start date	End date
Produce objective Opinions which are consistent, in line with Government guidance, and clearly understood by Departments.	April	Ongoing
Meet with Departments where necessary to discuss and explain any complex issues relating to Opinions issued.	As required	Ongoing
Produce opinions which lead to improvements in the quality of IAs prior to publication and policy decisions	Ongoing	Review Summer 2013
Contribute towards educating departments on standard approaches to policy appraisal (presentations/published recommendations)	Ongoing	Review Summer 2013
<u>MILESTONES</u>		
To publish final departmental performance rankings for 2012 for both Full IAs and Fast Track measures and subsequently quarterly 2013 data to drive performance improvement across Whitehall	(July 2013) full 2012 data and 2013 – Q1, (September) Q2, (November) Q3, Q4 & Full 2013 (February 2014)	
Progress review of quality of IAs, monitored through the proportion which receives a ‘fit for purpose’ rating.	Quarterly reviews	
Monthly monitoring of turnaround times for Opinions for IAs, and RTAs to be presented to the RPC and report on the RPC performance to the RRC via the Better Regulation Executive (BIS).	Monthly	

Priority 2: To support the UK Government’s policy to reduce the impact of regulation on business, by providing independent validations of the ‘Equivalent Annual Net Cost to Business’ of regulatory proposals, which are used to provide transparency on the likely burdens of regulation and calculate compliance with the ‘One-In, Two-Out’ rule.

- To reduce the burden of new regulations on businesses and civil society organisations, the government operates a ‘One-in, Two-out’ rule (see Government Policy [Reducing the impact of regulation on business](#)). Any regulatory measure that is expected to result in a direct net cost to business must be offset by deregulatory measures providing savings to business of at least double that amount.
- The RPC scrutinises and comments on the analysis supporting calculations relating to the Equivalent Annual Net Cost to Business (EANCB), where a regulation is within the scope of the ‘One-In, Two-out’ rule. For both ‘INs’ and ‘Outs’, Ministers rely on the RPC to independently validate the EANCB, so that the overall departmental and Government performance in terms of OITO can be considered robust.
- Only numbers which have been validated by the RPC are used to compile the OITO totals included in the Government’s bi-annual Statements of New Regulation.

PROGRAMME DELIVERY AREA: 2. Validation of EANCBs	<i>To support the UK's government policy to reducing the impact of regulation on business, by providing independent validations of the 'Equivalent Annual Net Cost to Business', which are used to calculate compliance with the 'One-In, Two-Out' rule.</i>	
<u>ACTIVITES</u>	Start date	End date
Provide independent objective validation on Equivalent Annual Net Cost to Business Estimates	Ongoing	Ongoing
Provide support to BIS via the Better Regulation Executive in the preparation of the bi-annual Statements of New Regulation through validation of the costs to business or Domestic and European measures.	Ongoing	SNR6 – July 2013 SNR7 - TBC
Monitor the net impact of RPC validations has on Government's ability to regulate.	Ongoing	March 2014
<u>MILESTONES</u>		
Progress review of quality of EANCBs, monitored through the proportion which receives a 'fit for purpose' rating.	September 2013 then Quarterly reviews	
Publish in the RPC annual report the difference between the levels initially claimed by Government and those finally validated by the RPC.	March 2014	
Monthly monitoring of turnaround times for EANCB Validations presented to the RPC and report on the RPC performance to the RRC via the Better Regulation Executive (BIS).	Monthly	

Priority 3: To ensure that Ministers' decisions on new regulations are effectively informed of the likely impact on Small and Micro Businesses

- The Department of Business Innovation and Skills has found “*There is strong evidence to show that regulation can place disproportionate burdens on small and micro business including new business start-ups.*” Better Regulation Framework Manual Paragraph 2.6.1.
- The government wishes to minimize the burden that new regulations impose on small businesses, especially on companies with fewer than 10 employees (micro-businesses). The objective of the Small and Micro-Business Assessment (SMBA) is to promote growth and job creation by ensuring that Departments do all that is possible to mitigate any disproportionate impact on Small and Micro Businesses of new domestic regulation, whilst still delivering a large amount of the intended benefits.
- The RPC will examine the analysis of small and micro business impacts as part of their overall scrutiny of the impact assessment. This is to be reflected in the RPC Opinion, including the “fit for purpose” rating, for significant domestic regulatory measures which are to be implemented from April 2014 onwards.
- The RPC will in future monitor and report overall standards of SMBA’s (to support overall improvement) via its annual report and in its regular discussions with Whitehall departments.

Small and Micro Business Assessments	<i>To ensure that Ministers' decisions on new regulations are effectively informed of the likely impact on small and micro businesses.</i>	
<u>PROJECTS</u>	Start date	End date
<ul style="list-style-type: none"> RPC committee and secretariat to become familiar with the guidance on Small and Micro Business Assessments (SMBAs) laid out in Better Regulation Framework Manual. 	April 2013	April 2013
<ul style="list-style-type: none"> RPC to adapt Opinion templates to include SMBA assessments and to produce objective assessments of SMBAs which are consistent, in line with Government guidance, and clearly understood by Departments. 	April 2013	April 2013
<ul style="list-style-type: none"> RPC to report progress to the RRC and to include in its annual report departmental performance on SMBAs. 	April 2013	March 2014
<u>MILESTONES</u>		
<ul style="list-style-type: none"> Progress review of quality of SMBAs, monitored through the proportion which receives a 'fit for purpose' rating. 	September 2013 then Quarterly reviews	
<ul style="list-style-type: none"> Report on overall performance in RPC annual report 	March 2014	

Priority 4: To develop stronger relationships with key stakeholders to promote better and smarter regulation through encouraging a wider understanding of: the value of high-quality independent scrutiny; the role of the RPC; and the use of evidence and analysis in policy appraisal.

- Stronger relationships with stakeholders can help to:
 - Encourage stakeholder involvement with: the work of the RPC to improve the quality of RPC outputs; and departments in policy appraisal and development;
 - Improve the understanding and engagement of stakeholders on the role and work of the RPC to further build on the benefits of having high-quality independent scrutiny in the regulatory development system;
 - Enhance the transparency of the work of the RPC within Parliament, Government, business and the third sector;
 - Drive quality improvements across government in the policy making process through championing robust evidence and analysis – thus helping in the delivery of better regulation, both at a domestic and international level..

PROGRAMME DELIVERY AREA: 4. Develop strong relationships	<i>To develop strong relationships with key stakeholders to promote better and smarter regulation through encouraging a wider understanding of: the value of high-quality independent scrutiny, the role of the RPC, and the use of evidence and analysis in policy appraisal.</i>	
<u>ACTIVITES</u>	Start date	End date
Share knowledge and expertise with external Stakeholders (including Business and Civil Society organisations) via regular bi-lateral meetings.	Ongoing	Review Autumn 2013
Engaging effectively with Whitehall departments, at Ministerial, Senior Official and Better Regulation Unit levels.	Ongoing	Review Autumn 2013
Enhance the transparency of the RPC's work across Parliament, including Scrutiny Committees	Ongoing	Review Autumn 2013
Publish an Annual Report and hold a stakeholder briefing event	January 2014	March 2014
<u>MILESTONES</u>		
Develop in comprehensive stakeholder communications plan and to regularly review progress against it.	Review - September 2013	
Regular production and dissemination of departmental performance standards	(July 2013) full 2012 data and 2013 Q1, (September) Q2, (November) Q3, (February 2014) Q4 & Full 2013	
Produce Annual Report	March 2014	

Priority 5: To undertake independent investigative activity into the barriers that hold back innovative challenger businesses and report publicly on our findings.

- ‘Challenger businesses’ have been identified as *“innovative enterprises that do not follow set ways of business working and who may find finding existing rules and regulations are barriers to growth”*. [BIS Press Notice 20 September 2012 \(PDF 36.9kb\)](#)
- In line with the government’s aims to support growth and create the right conditions for companies to thrive, whilst also making it easier for people to start successful new businesses it was announced that challenger businesses should be able to raise concerns directly with the RPC who can investigate their situation and report publicly – putting pressure on government to act when needed.
- If suitable cases are brought to our attention, the RPC will investigate and make recommendations to Ministers as to how, if at all, barriers to these businesses could be removed.
- By Autumn 2013 to make recommendations to RRC Ministers about how to take forward this agenda in the future.

PROGRAMME DELIVERY AREA: 5. Challenger Business	<i>To undertake independent investigative activity into the barriers that hold back innovative challenger businesses and publicly report on our findings.</i>	
<u>ACTIVITIES</u>	Start date	End date
To review those measures put forward to the Committee and to report publicly to the Reduce Regulation Committee on those measurers where the RPC views there is a case for regulatory reform.	April 2013	Autumn 2013
To review the Challenger Business regime and to make recommendations to Ministers as to how to take this agenda forward most effectively in the future.	July 2013	Autumn 2013
<u>MILESTONES</u>		
To review the effectiveness of the current system and develop recommendations to Ministers.	Review over summer 2013 and make recommendations to RRC Ministers in Autumn 2013.	

Priority 6: Accountability for Regulator Impact

- There is a concern that some non-economic regulators do not take sufficiently into consideration the impact of their decisions on their business stakeholders.
- The aim of the Accountability for Regulator Impact (ARI) system is to ensure non-economic regulators do engage with the businesses they affect, by:
 - Making the impact of their policy intentions transparent in advance;
 - Requiring engagement to agree the impact of their policies; and
 - Public reporting of impact.

RPC ROLE

- The RPC have been asked to play a backstop role in relation to the ARI system.
- Where engagement between the relevant regulator and its business stakeholders has failed to reach agreement on the impact of the proposal on business, if representatives of a significant group of businesses believe that the financial impact figure in a finalised Assessment is substantially mis-stated they may ask the RPC to review the regulator's Assessment.
- The RPC will report on its activity in this area in its annual report.

PROGRAMME DELIVERY AREA: 6. Accountability for Regulator Impact	<i>RPC to support Accountability for Regulator Impact.</i>	
<u>PROJECTS</u>	Start date	End date
<ul style="list-style-type: none"> To assist the Better Regulation Executive in the development of the ARI pilot and full system and to define the role that the RPC will play in the new system. 	April	To review July 2013
<ul style="list-style-type: none"> RPC to respond to business where they have unresolved disputes with independent non-economic regulators over the impacts of their policies. 	Pilot phase April Full July	To review Autumn 2013
<u>MILESTONES</u>		
To assist in the development of the RPC's role in the ARI system	July 2013	
To report on RPC activity in this area via the RPC annual Report	March 2014	

Priority 7: To contribute to a culture change towards transparent evidence-based policy development within the European Institutions.

- The RPC believes that an understanding of the full impact of regulation of European origin is fundamental to monitoring the ongoing burdens on UK businesses and civil society organisations. In recognition of the importance of EU regulation, the RPC has developed an ongoing relationship with other similar independent bodies across Europe.
- The RPC will continue to work collaboratively with these other independent regulatory scrutiny bodies across Europe to influence the EU institutions on how to improve EU regulatory processes.

PROGRAMME DELIVERY AREA: 7. European agenda	<i>To contribute to a culture change towards transparent evidence-based policy development within the European Institutions.</i>	
<u>ACTIVITES</u>	Start date	End date
Develop strong relationships with the independent regulatory scrutiny bodies across Europe (currently the Czech Republic, Germany, The Netherlands and Sweden – collectively with the UK known as ‘the 5 watchdogs’) with the aim of developing a joint strategy.	Ongoing	To review September 2013
Engage with Officials across the EU to explain the value of independent scrutiny and evidence-based policy, and to share knowledge on IA scrutiny and running an independent scrutiny body.	Ongoing	April 2014 (TBC)
Identify and exploit opportunities for influencing the EU institutions on the value of independent scrutiny	Ongoing	April 2014 (TBC)
<u>MILESTONES</u>		
Working with the 5 Watchdogs to identify other EU MSs / European countries that are considering the possibility of an independent scrutiny body and assist with their consideration of such a body.	Review September 2013	
To continue the work underway with the Polish and Croatian administrations in the development off their Better Regulation Systems	Ongoing	

Regulatory Policy Committee Budget 2013- 14

As an advisory Non-Departmental Public Body the RPC is funded by the Department for Business, Innovation & Skills.

Details of the 2013-14 budget are set out below – the main expenditure covers the running costs associated with the Secretariat costs and the Committee remuneration payments.

£,000	2013/14
Running costs	£923k
Programme spend	£30k
Total allocated Budget	£953k

Regulatory Policy Committee Contact Details

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