

**18<sup>th</sup> August 2013**

**Independent Committee publishes latest checks on evidence underpinning new government regulation with 200 proposals reviewed so far this year**

The Regulatory Policy Committee (RPC), the independent body asked to scrutinise government's regulatory proposals, today released its results for the first half of the year. It also published all the opinions issued by the RPC that relate to proposals now published by Government.

The RPC opinions highlight any concerns with the evidence and analysis underpinning a proposal to introduce new regulation or scrap an existing regulation. The Committee expects Government departments to resolve such deficiencies before finalising the policy.

Over the six-month period January to June 2013:

- One in five impact assessments were rated not fit for purpose when first submitted to the Committee;
- Nearly one-quarter of low-cost or deregulatory proposals were not approved as eligible for the fast track; and
- RPC scrutiny found that departments had under-estimated the regulatory burdens placed on business and over-estimated the benefits of removing regulation to a total of more than £80 million per year. This takes the total difference between the net costs to business estimated by departments and those ultimately validated by the RPC to over £350 million per year since the start of 2011.

Michael Gibbons, Chair of the Regulatory Policy Committee commented:

“We have seen a levelling off in the quality of evidence supporting new regulatory proposals. One in five initial submissions rated as not fit for purpose by the Committee is disappointing. This reinforces the need for thorough independent scrutiny of Government proposals. The improvements in previous years show that the Committee has helped drive some improvements to the quality of evidence used in the decision making process, but these latest results show that further improvement is needed.

Our role within the regulatory process is to ensure that government decision making is underpinned by robust evidence. This is what makes the Committee's unique independent challenge so important.”

Of the 55 opinions published today, 8 relate to consultations still underway. This is the first time the Committee has made its opinions available in this way during an ongoing consultation. The Committee believes that publishing its opinions can encourage stakeholders to engage with the consultation process more actively. This should enhance the quality of evidence gathered through consultation.

The Committee has also issued about 100 opinions that have not been published today. These are where the Committee has judged that the underlying evidence for a regulatory proposal is not fit for purpose and subsequently the relevant department is improving the impact assessment, or where the proposal has not yet been announced by the Government. The Committee has also reviewed around 80 low-cost or deregulatory proposals for their eligibility for a fast track scrutiny process.

## ***What it means to receive a Red, Amber or Green Opinion from the RPC***

### **RED**

If an IA receives a Red rating, this means we have significant concerns with the analysis and evidence presented. The issues we raise **must / need to** be addressed before a 'fit for purpose' rating can be obtained on resubmission. In terms of our seven recommendations, it is failure to adhere fully to one or more of these that will lead to a Red rated Opinion.

A Red rating means we judge the IA to be 'not fit for purpose'

### **AMBER**

If an IA receives an Amber rating this means we have areas of concern with the quality of analysis and evidence presented. These issues **should** be addressed prior to the IA being finalised so as to improve its contribution to the final decision made.

An Amber rating means, on the understanding that changes will be made, we judge the IA to be 'fit for purpose'

### **GREEN**

If an IA receives a Green rating, this means we have no significant concerns with the quality of analysis and evidence presented. We make suggestions where we think the IA **could** be improved to deliver greater clarity or to aid understanding.

A Green rating means we judge the IA to be 'fit for purpose'

## Notes to editors

The departmental performance data can be found at <http://regulatorypolicycommittee.independent.gov.uk/performance-data>

Copies of the published Opinions, and links to the published impact assessments, can be accessed at <http://regulatorypolicycommittee.independent.gov.uk/publications/published-opinions/published-green-and-amber-rated-opinions>

1. The RPC was set up in 2009 to provide, for the first time in the UK, real-time independent scrutiny of proposed regulatory measures put forward by Government. In 2012 the RPC became an independent advisory Non-Departmental Public Body.
2. The RPC does not comment on the Government's policy objectives. It comments on the analysis and evidence supporting new regulations.
3. The RPC is a group of independent experts, including businessmen, academics, trade union and consumer representatives. The Committee is supported by a secretariat of officials with a mixture of analytical, policymaking and economic expertise. Further information on the Committee can be found on the RPC website: <http://regulatorypolicycommittee.independent.gov.uk/>
4. Departments submit impact assessments (IAs) accompanying regulatory proposals to the RPC, and a RPC Opinion must be given before Ministers on the Reducing Regulation Committee, the Cabinet sub-Committee set up to vet all new regulatory proposals, will consider the proposal. Under the RPC's traffic light system, if it is 'Fit for Purpose,' it is classified as either 'Amber' or 'Green'. 'Amber' is used to denote an IA with areas of concern that should be corrected but which is still 'Fit for Purpose'. If an IA is classified 'Red' it is 'Not Fit for Purpose' – the RPC has major concerns over the quality of evidence and analysis.
5. Each IA is tested against standards for Government appraisal set out in the Better Regulation Executive's Better Regulation Framework Manual and guidance for impact assessments along with HM Treasury's Green Book.
6. The RPC is tasked with ensuring that the claimed costs and benefits of regulatory proposals are more than just 'claims', and that the costs and benefits to business have been identified and are a realistic and credible estimate of their potential impacts. As such, the RPC plays a key role in the government's One-In, Two-Out (OITO) policy through validating the estimated impacts on business and civil society organisations. External quality assurance is essential for OITO to operate credibly.
7. The RPC has also been asked to provide an independent opinion on whether regulatory proposals meet the Small and Micro Business Assessment (SMBA), which requires robust evidence that all possible steps have been taken to mitigate any disproportionate impact on small and micro businesses. The RPC

will provide their assessment of departmental SMBAs before the proposals are sent for Cabinet agreement. From 1 July 2013 if the RPC is not satisfied with the quality of the SMBA the impact assessment for the proposal will receive a 'not fit for purpose' rating. Ministers expect to only be asked to clear proposals with a 'fit for purpose' impact assessment.

8. The Opinions relating to live consultations are those covering:
  - a. Mesothelioma Pre-Action protocol and Fixed Cost Regime (Ministry of Justice);
  - b. Impact Assessment for the Ports of: Barrow, Cardiff, Coleraine , Cromarty Firth, Felixstowe/Harwich, Fowey; etc (Department for Transport)
  - c. Power for Ofcom to align Multiplex (Mux) and Public Service Broadcast (PSB) Licences (Communications Review) (Department for Culture, Media & Sport)
  - d. The switching of 'bundled' services (Communications Review) (Department for Culture, Media & Sport)
  - e. Banning content rated stronger than R18 on video on demand (Communications Review) (Department for Culture, Media & Sport)
  - f. R18 Content access Controls (Communications Review) (Department for Culture, Media & Sport)
  - g. Sharing of Information between Ofcom and the Information Commissioner's Office and the Insolvency Service (Communications Review) (Department for Culture, Media & Sport)
  - h. Spectrum Management (Communications Review) (Department for Culture, Media & Sport)