

One-in, One-out: Third Statement of New Regulation

This page intentionally left blank

Ministerial Foreword



Every government wants to leave its mark on the statute book. Last year, we set out an ambitious plan to free our businesses from burdensome regulation. Over the course of the year we made good progress in stemming the tide of new burdens flowing from domestic regulation.

There is still a lot of work to be done, particularly in limiting the regulation coming in from Europe, which accounts for a substantial proportion of the burden. We are pushing hard to reduce the volume and impact of EU regulation, not least by testing all proposed EU measures for their impact on growth and by ending the practice of gold-plating EU rules.

Our assault on burdensome regulation reflects the core values of this Government – personal responsibility, individual freedom, support for risk-takers and job creators, and trust in people to make common sense decisions. This painstaking and long overdue review of a century of regulations will play a critical part in delivering the economic growth we need.

The reforms outlined in this Statement are more than just a piecemeal attempt to cut excessive, redundant or ineffectual rules and red tape – it is a plan of action designed to change the very culture of Whitehall, so regulation is only ever the last resort, and not the first option. We recognise that there is very much more to do. There has become a generation of policy-making founded on the belief that regulation, and legislation, are the default answer. This won't change overnight – but we are determined to pursue this issue remorselessly, so we free up enterprise in Britain to grow and prosper for the benefit of us all.

A handwritten signature in black ink, appearing to read 'Mark Prisk', written over a horizontal line.

Mark Prisk

Minister of State for Business and Enterprise

This page intentionally left blank

CONTENTS

Statement of New Regulation	6
Key Achievements	6
Summary Position January 2011 – June 2012	7
Wider work on Business Burdens.....	8
Europe.....	8
Red Tape Challenge	9
Enforcement.....	9
Micro-business Moratorium.....	10
Sunsetting of regulations.....	10
Alternatives and reduction of non-regulatory burdens	11
The Year Ahead.....	12
ANNEX A: Summary of Cumulative Departmental Positions: 1 January 2011 to 30 June 2012	13
ANNEX B: Red Tape Challenge	15
Red Tape Challenge Measures Entering Into Force before or during SNR3 Period	17
ANNEX C: Technical Notes	20
What is included in the Statement of New Regulation?	20
What information are Departments publishing today?	20
What is the difference between an IN, an OUT, and a Zero Net Cost measure?	20
How are the costs of regulation calculated?	21
What is the role of the Regulatory Policy Committee?.....	21
ANNEX D: Government Action on Regulation, Alternatives and Reduction in Non-Regulatory Burdens.....	22

Statement of New Regulation

The third Statement of New Regulation (SNR) reports on the application of the One-in, One-out rule to new domestic regulation for the first half of 2012. Today, each Government Department will publish a summary of the regulations it intends to introduce, or has already introduced, between January and June 2012.

This third Statement of New Regulation is the first of three such publications scheduled for 2012 as we move to publish them 12 weeks ahead of Common Commencement dates (in line with Coalition policy). Publication of regulatory changes in good time is vital to business (especially the smallest) and we aim to do more here to achieve this goal.

The first two statements demonstrated our intention to maintain a net zero, or better, cumulative cost for business from domestic regulation. The reduction in the regulatory burden achieved in 2011 was dominated by the changes to private pensions indexation, introduced by the Department for Work and Pensions. This third statement starts to tip the balance and forecasts a further reduction in the new burdens imposed by Government on business of -£4.17 million.

Key Achievements

Overall we have capped the cost of new burdens on business over the first half of 2012. In this reporting period, the increase in burden has remained at, or close to zero and the cumulative reduction of business burdens since One-in, One-out was introduced is also close to zero.¹

The volume of new regulations imposing net costs to business has fallen to 5 measures from 9 in the previous statement.

We have also deregulated more than we have regulated – generating -£16.44 million savings to business and we expect more deregulation to result from the Red Tape Challenge in due course.

The single largest new cost to business comes from the reform of the Air Travel Organisers' Licensing (ATOL) scheme at some £6.5 million. The reforms were consulted on over Summer 2011 and have the support of the main industry trade body (ABTA Ltd) as well as others in the travel trade.²

A number of symbolic changes – to remove the antiquated Trading with the Enemy Regulations – have also been delivered through Red Tape Challenge. Whilst bringing little cost-saving for business, this indicates the start of a considerable programme of reform.³

The percentage of opinions rated fit-for-purpose by the Regulatory Policy Committee (RPC) has also continued to improve over the course of the year.

¹ The net saving to date is -£3,323.52 million but the bulk of the savings are attributable to the change to private pensions indexation introduced during SNR1 valued at -£3,342million and expected to be offset in part by pensions auto-enrolment.

² In the next statement period, DfT will offset this through a measure to deregulate publicity requirements for Traffic Regulation Orders.

³ [Annex B](#) contains a breakdown of changes made as a result of the Red Tape Challenge.

Summary Position January 2011 – June 2012

	SNR1	SNR2	SNR3 ⁴	Total position at end June 2012 ⁵
<i>Volume</i>				
INs	10	9	5	24
OUTs	8	25	19	52
Zero Net Costs	19	18	18	55
<i>Annual regulatory cost to business (millions)</i>				
INs	£65.27	£197.03	£12.27	£274.57
OUTs	-£3,353.75	-£227.89	-£16.44	-£3,598.08
NET	-£3,288.48	-£30.87⁶	-£4.17	-£3,323.52

[Annex A](#) contains a breakdown by department for the first 18 months of the One-in, One-out rule being applied to new domestic regulation. Individual departmental tables are available from the relevant Departments.

There are a number of specific measures which warrant further explanation. These are:

- the figures for the ban on tobacco vending machines included in the second Statement of New Regulation have been revised. The Regulatory Policy Committee was unable to validate the original assessment of the Department of Health and so a figure based on a Regulatory Policy Committee assessment of the available impact assessment was included. New information and analysis on this measure has now been provided by the Department of Health which the Regulatory Policy Committee has validated as a net increase in regulatory costs to business of £9.8 million. As a result we have restated the overall impact of regulation during the period of the second Statement of Regulation as a net reduction in burdens on business where before it reported an increase;
- the Department for Environment Food and Rural Affairs' Schemes for Adoption of Private Sewers is subject to an expert review of the One In, One Out methodology in cases of capital asset transfer. The final value is to be validated by the Regulatory Policy Committee and will be updated in the fourth Statement of New Regulation;
- the bulk of the savings delivered thus far continue to be attributable to the change to private pensions indexation, introduced by the Department for Work and Pensions

⁴ 13 measures have not yet received formal RPC opinions, and the costs and benefits can not be fully endorsed until a final fit for purpose opinion is issued. EANCB estimates for two 'INs' have been included, but the seven 'OUTs' are treated as '£0.00'.

⁵ If the change to private pensions indexation introduced during SNR1 is removed, the total net value would be a net increase in business burdens for SNR1 of £53.52 million and an overall net position (for SNR1, 2 and 3) of £18.48 million.

⁶ This includes the new figure for tobacco vending machines, a reduction of £76.06 million.

in January 2011, which is expected to be offset in part by pensions auto-enrolment. Although the Government intends to introduce this measure in autumn of 2012, auto enrolment for small businesses has been delayed until June 2015 to give smaller firms longer to prepare;

- the Home Office will provide a final figure on the Migration Cap measures in time for the fourth Statement of New Regulation. This will include final figures for the one measure which has been exceptionally included in this Statement but which has not yet been validated by the Regulatory Policy Committee;
- as part of implementing elements of the Localism Act, the Department for Communities and Local Government is introducing, on an exceptional basis, a number of measures which have not yet been validated by the Regulatory Policy Committee – but which are expected to have no or little impact on businesses. The final figures will be included in the fourth Statement of New Regulation;⁷ and
- there are a number of measures which the Regulatory Policy Committee has preliminarily classified as 'OUTs' at the time of consultation, and which the Government believes should be implemented as quickly as possible to help business.⁸

Wider work on Business Burdens

One-in, One-out continues to be a vital component of our efforts to reduce burdens stemming from domestic legislation. The Government is also active on other fronts which business tell us is important to them. [Annex D](#) sets out the full detail.

Europe

We are committed to reducing the burden of regulation on business originating from Brussels. To this end we have:

- secured a European Commission commitment that reverses the burden of proof so that micro-businesses should be excluded from the scope of future EU legislation unless the proportionality of their being covered can be demonstrated, or subject to lighter treatment where they are covered;
- achieved agreement in Brussels exempting around 1.2 million UK small businesses from certain EU accounting rules;
- worked with Balfour Beatty, GlaxoSmithKline, Kingfisher and Tribeka Limited to identify ways to improve European growth opportunities for UK businesses and published a report, 'Let's get down to business: smart regulation, more growth, better Europe'⁹; and

⁷ The seven exceptional measures will receive fit for purpose RPC opinions ahead of commencement.

⁸ The EANCBS figures for these deregulatory measures are still to be finalised and have therefore been treated as '£0.00' in this Statement. Final figures will be provided in the fourth Statement of New Regulation.

⁹ Available from <http://www.bis.gov.uk/assets/biscore/better-regulation/docs/11-1414-lets-get-down-to-business-smart-regulation.pdf>

- successfully lobbied the European Parliament to commit to conducting impact assessments on substantive amendments made in the Parliament – a specific unit has now been established in the Parliament to undertake this work.

We are closely monitoring a number of measures that are currently being developed by the European Commission which have the potential to create burdens for business. Current priorities include seeking to influence plans for changes to EU laws covering musculo-skeletal disorders, posting of workers and data protection.

Further details on our action on EU regulation can be found at <http://www.bis.gov.uk/policies/bre/policy/european-legislation>

Red Tape Challenge

We are doing all we can through the Red Tape Challenge to free businesses and encourage them to play their part in driving growth. Sixteen themes, comprising over 3,000 regulations, have been in the website spotlight so far. Ministers have, through using the rigorous Red Tape Challenge process, announced decisions on regulations on Retail; Hospitality, Food & Drink; Employment-Related Law; Manufacturing; and Road Transport. In addition, the Government has also announced deregulatory plans in Health & Safety, following the Löfstedt report, with more to follow through the Red Tape Challenge. Overall, the Red Tape Challenge has resulted in:

- the thorough examination of over 1,200 regulations; and
- agreement to scrap or improve well over 50% of those regulations considered so far.

[Annex B](#) contains a breakdown by department of measures scrapped or improved as a result of the Red Tape Challenge. Further information on announcements and the Red Tape Challenge in general can be found at www.redtapechallenge.co.uk

Further announcements on the Red Tape Challenge are expected by the end of March 2012.

Enforcement

The Government has committed to reforming the way in which regulation is enforced at the front line. This will mean moving to a different relationship between business and those bodies responsible for ensuring compliance with the law, through a transparent and light-touch system based on real risks. We:

- have already announced that we will examine the performance of the regulators through a series of reviews, on which more detail will be announced in Spring of this year;
- intend to launch a web-based tool to enable businesses and individuals to give feedback on their experience of regulators. The tool will encompass local authority enforcement and other regulatory functions identified through the Red Tape Challenge process. Feedback collected through this will help inform the series of reviews;

- intend to place the principle of regular review at the heart of the regulatory system through the use of sunset clauses in the founding legislation of new statutory regulators set up in future;
- will extend and improve the Primary Authority scheme to promote consistency and proportionality in the way businesses are regulated and provide confidence for businesses in the information they receive. This will provide scope for more targeted and better quality inspections;
- will continue to develop local accountability and transparency to support business competitiveness by drawing on the existing good work of Local Enterprise Partnerships;
- are putting in place an effective system for handling the creation of new bodies by establishing sunset review clauses on new statutory regulators;¹⁰
- have reduced the scale and reach of public bodies, many of which place some form of regulatory or administrative burden on business, and substantially lowered the administrative cost of public bodies to the UK taxpayer by at least £900m per year by 2014/2015; and
- have transformed the Local Better Regulation Office into the Better Regulation Delivery Office which will be part of BIS. This will: help to strengthen proportionate and appropriate enforcement by bringing experts with delivery experience nearer to central policy making; promote a real change in the culture in regulation from the design stage through to thinking about the impact on business and how it will be enforced; and encourage a stronger stakeholder voice closer to government.

Micro-business Moratorium

We announced in 'The Plan for Growth', published alongside the Budget 2011, that micro-businesses and start-ups would be exempted from new domestic regulation for three years. This moratorium on domestic regulation, alongside other policy initiatives such as One-in, One-out, has been essential in deterring or deferring regulatory intervention by the Government. The application of the moratorium is a key test for all new domestic regulatory proposals; some key notable impacts include:

- the display ban on tobacco will apply to supermarkets and very large stores from April 2012, but smaller tobacco retailers have been exempted until April 2015;
- pensions auto-enrolment is to be phased in, so that small businesses will not need to comply until before the next Parliament; and
- the Modern Workplaces proposals will reflect the moratorium and implementation of these proposals is not expected prior to April 2014.

Sunsetting of regulations

Many of the new regulations that have been introduced in the past year include a statutory review clause or a sunset clause. Where a review clause has been used, it means

¹⁰ Note: This policy is subject to certain exemptions, such as the need to preserve investor certainty.

Ministers are under a legal obligation to carry out and publish a review of the regulation within five years of it coming into force. If the regulation is still required, and if it is shown to be effective in achieving its objectives, then it will be retained and, where possible, improved. If it is found to impose disproportionate burdens, or is ineffective, the effect of a sunset clause (where one has been applied) is that the regulation will be removed.

To date, a sunset or review provision has been included in over 60 new regulations (including regulations implementing new EU obligations). This will strengthen the way Government monitors the impact of regulation and help to ensure that redundant legislation does not remain on the statute books as happened with the Trading with the Enemy regulations. It will support early action where regulation is proving costly or ineffective, and will provide wider opportunities for scrutiny by Parliament, and by the businesses affected. And it will also promote greater departmental accountability for the quality of their regulatory activity.

Alternatives and reduction of non-regulatory burdens

Departments are being encouraged to consider alternative ways to deliver policy instead of legislating. Examples include:

Pub Company Reform, where we announced that:

- the Industry Framework Code will be strengthened and made legally binding by incorporation into contracts, and that a strengthened Code will focus on fully repairing and insuring (FRI) leases. This will bring about immediate improvements in areas of concern, such as rent, insurance, training and dilapidations, combined with a commitment to discuss further improvements with industry;
- a Pub Independent Conciliation Advisory Service (PICAS) will be set up to provide mediation and arbitration;
- a three year re-accreditation process for company Codes, achieved through examination of annual compliance reports and spot checks; and
- a new Pubs Advisory Service (PAS) will be established to provide free advice to all prospective and current tenants and leases.

Apprenticeships Agreement, where we noted that employers must already provide a statement of employment particulars under the Employment Rights Act. This will now be linked to the requirement for an Apprenticeship Agreement under the Apprenticeship, Skills, Children and Learning.

Additional detail on Government Action on Regulation can be found in [Annex D](#).

The Year Ahead

The figures above represent a good start but there is more to do. Going forward, we will:

- improve transparency and give businesses more time to adapt to regulatory change – the next Statement of New Regulation will be published two months ahead of the October Common Commencement Date and the fifth Statement of New Regulation three months ahead of the April Common Commencement Date;
- keep One-in, One-out in balance for each SNR period and measured through 'this-Parliament-to-date', whilst recognising that there will be incoming regulation which will offset some of the current credit position. This is both natural and expected; and
- put the Regulatory Policy Committee on a formal institutional basis as an advisory non-departmental public body (NDPB). An announcement about the appointment of its Chair will be made shortly. This recognises the importance of the Regulatory Policy Committee and its important role in providing credible independent challenge and transparency to the regulatory process.

ANNEX A

Summary of Cumulative Departmental Positions: 1 January 2011 to 30 June 2012¹¹

Department ¹²	Volume			Annual regulatory cost to business (millions ¹³)		
	INs	OUTs	Zero Net Cost	INs	OUTs	Net
Department for Business, Innovation & Skills	3	6	12	£8.25	−£36.58	−£28.33
Department for Communities & Local Government	1	7	7	£0.03	−£4.52	−£4.49
Cabinet Office	0	0	1	£0.00	£0.00	£0.00
Department for Culture, Media & Sport	0	5	3	£0.00	−£9.37	−£9.37
Department of Energy & Climate Change	2	5	3	£0.02	−£2.53	−£2.51
Department for Environment, Food and Rural Affairs	5	12	9	£185.90	−£139.06	£46.83
Department for Education	0	1	0	£0.00	−£0.07	−£0.07
Department for Transport	4	4	9	£6.55	−£2.48	£4.07
Department of Health	5	2	2	£21.54	−£0.07	£21.47
Department for Work & Pensions / Health & Safety Executive	0	4	1	£0.00	−£3,374.50	−£3,374.50
Food Standards Agency	0	1	0	£0.00	−£0.13	−£0.13
HM Treasury	1	4	1	£1.48	−£27.94	−£26.46
Home Office / Government Equalities Office	3	1	5	£50.80	−£0.83	£49.97
Ministry of Justice	0	0	2	£0.00	£0.00	£0.00
Total¹⁴	24	52	55	£274.57	−£3,598.08	−£3,323.52

¹¹ 13 measures have not yet received formal RPC opinions, and the costs and benefits can not be fully endorsed until a final fit for purpose opinion is issued. Equivalent Annual Net Cost to Business (EANCB) estimates for two 'INs' have been included, but the seven 'OUTs' are treated as '£0.00'. If the change to private pensions indexation introduced during SNR1 is removed, the total net value would be a net increase in business burdens for SNR1 of £53.52 million and an overall net position (for SNR1, 2 and 3) of £18.48 million.

¹² The Ministry of Defence introduced Call Out of members of the Reserve Forces for Urgent Work of National Importance in January 2012, this is a zero net cost measures and is listed on the MOD's website.

¹³ Equivalent Annual Net Cost to Business (EANCB), as measured using the *One-in, One-out* methodology

¹⁴ 0.01 discrepancy between departmental costs and table totals for INs and OUTs due to rounding effects.

ANNEX B

Red Tape Challenge

To cut the regulatory burden facing British businesses the Government has put in place the Red Tape Challenge, a process for scrapping, improving and simplifying existing regulations that are obsolete, ineffective or unnecessary. Overall, of 1,200 regulations considered so far, we have agreed to scrap or improve well over 50% – decisions that will bring real benefits to businesses, civil society organisations and individuals.

Already through the Red Tape Challenge, Government has made significant progress. For example we have announced that we will:

- introduce major reforms to employment tribunals, to reduce the number of claims, while protecting important employee rights. These will deliver benefits to employers of over £40 million a year;
- replace complex and confusing consumer rights legislation with a simple, coherent and modern framework in a Consumer Rights Bill. This will set out clearly rights and responsibilities for businesses and consumers with the objective of reducing compliance costs and costly disputes;
- undertake wholesale deregulation of entertainment licensing;
- streamline procedures for export control, including increasing transparency and keeping customers better informed of timescales for processing applications;
- greatly reduce the amount of paper required to run a car, including scrapping the paper counterpart to the driving licence; and
- simplify the ineffective and burdensome poisons licensing system for low risk products such as fly spray and toilet cleaner. Ensure genuinely harmful materials are controlled rigorously but deregulate the control of common kitchen products, such as ant killer and kitchen bleach.

Red Tape Challenge public comments were fed into the independent Löfstedt Review (published 28 November 2011). The Government supports the recommendations made in the Review and has committed to using the Red Tape Challenge process to go even further.

The six priority areas in the Löfstedt Review where Government will take action are:

- Exempt from health and safety law those self-employed whose work activities pose no potential risk of harm to others (will benefit 1 million self-employed people when implemented).
- The Health & Safety Executive (HSE) will review all of its Approved Codes of Practice. The initial phase of the review to complete by June 2012 so businesses have certainty.

- The HSE to undertake a programme of sector-specific consolidations to be completed by the end of 2014 (including sectors such as Mining).
- Give HSE the authority to direct all local authority health and safety inspection and enforcement activity, to ensure that it is consistent and targeted towards the most risky workplaces.
- Clarify and restate the original intention of the pre-action protocol standard disclosure list and change regulatory provisions that impose strict liability, to ensure that employers are not held responsible for damages when they have done all they can to manage risks.
- Work more closely with the EU Commission and others to ensure that both new and existing EU health and safety legislation is risk and evidence-based.

The Government has already started to implement the changes agreed through the Red Tape Challenge, with the first 'improves' in October 2011, and the first repeals made on 15 December 2011 when most of the antiquated Trading with the Enemy regulations were removed. Other changes are being progressed at the earliest opportunity, for example the increase in the qualifying period for unfair dismissal to two years and significant improvements to Employment Tribunals will be made law in April 2012.

Red Tape Challenge Measures Entering Into Force before or during SNR3 Period

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force	Existing measures scrapped	Measures improved ¹⁵
Hospitality, Food and Drinks	BIS	Weights and Measures (Specified Quantities) (Unwrapped Bread and Intoxicating Liquor) Order 2011¹⁶ To protect businesses and consumers by improving existing legislation which specifies the range of quantities in which certain intoxicating liquor may be sold. This Order deregulates specified quantities for unwrapped bread and introduces more flexibility in the sizes for alcoholic drinks allowing business to innovate and provide greater choice for consumers.	01-Oct-11		3
Retail	BIS	The Trading with the Enemy (Revocation) Order 2011 The intention of the Trading with the Enemy legislation, which came into effect when the United Kingdom entered a state of war in September 1939, was to prevent the enemy from benefiting from enemy interests in the UK and, vice versa, enemy interests in the UK from benefiting from activities of the enemy. It prohibited any commercial or financial dealings with the enemy and provided for the preservation of enemy property in the United Kingdom in contemplation of arrangements to be made at the conclusion of peace.	15-Dec-11	81	
Retail	BIS	The Trading with the Enemy (Revocation) Order in Council 2011 As above but made by a privy council order.	15-Dec-11	3	
Employment	BIS	Unfair Dismissal and Statement of Reasons for Dismissal (Variation of Qualifying Period) Order 2012 (Employment Rights Act 1996)¹⁷ As part of the Government's response to the Resolving Workplace Disputes Consultation, from April 2012, the qualification period for unfair dismissal rights will increase from one year to two years. This Order means that employees starting new employment from April 2012 must be employed at their workplace for a minimum of two years before they are able to make a claim for unfair dismissal.	Apr-12		1
Employment	BIS	The Employment Tribunals Act 1996 (Tribunal Composition) Order 2012¹⁷ To amend the composition of Employment Tribunal hearings for unfair dismissal cases to be heard before 'a judge sitting alone'. Parties will be able to request a tripartite panel and this will be accepted or rejected at the judge's discretion.	Apr-12		1
Employment	BIS	Amendments to Employment Tribunals (Constitution and Rules of Procedure) Regulations 2004¹⁷	Apr-12		4

¹⁵ Improved by simplifying regulation, by merging, improving domestic implementation or changes to EU rules.

¹⁶ This was a deregulatory net-zero measure announced in SNR2 (BIS0083).

¹⁷ This measure is part of BIS' One-In, One-Out balance (an OUT of -£4.7million) measure: BIS0202.

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force	Existing measures scrapped	Measures improved ¹⁵
		In order to modernise and streamline the Employment Tribunal system we will increase the maximum limits for deposit orders and cost awards to £1,000 and £20,000 respectively; witness statements will be "taken as read" unless otherwise directed and a judicial power will be introduced to direct parties to pay witness expenses.			
Hospitality, Food and Drinks	Defra	Wine Regulations 2011 This regulation simplifies existing legislation and provides a single Statutory Instrument which covers England, Scotland, Wales and Northern Ireland. These regulations implement European rules introducing a single market for the production, labelling and trade in wine in the EU.	30-Dec-11		1
Road Transport	DfT	Passenger Car (Fuel Consumption and CO2 Emissions Information) Regulations 2001 These regulations implement mandatory EU requirements on suppliers and dealers to providing consumers information on fuel economy and CO ₂ emissions in car showrooms. DfT has simplified requirement for such a fuel economy guide by producing a CD-ROM instead of a bulky booklet. This relieves car retailers of the burden of storing boxes of booklets.	Aug-11 ¹⁸		1
Road Transport	DfT	The Road Transport Operator Regulations 2011 Three Statutory Instruments (Goods Vehicles Operators (Qualifications) Regulations 1999, Public Service Vehicle Operators (Qualifications) Regulations 1990 and Public Service Vehicle Operators (Qualifications) Regulations 1999) have been revoked and updated as part of the implementation process of new EU rules, ensuring the lightest possible burden is placed on industry.	04-Dec-11		3
Road Transport	DfT	The Public Service Vehicles (Community Licences) Regulations 2011 ¹⁹ Two Statutory Instruments (Road Transport (Passenger Vehicles Cabotage) Regulations 1999 and Public Service Vehicles (Community Licences) Regulations 1999) have been revoked and replaced by the EC Transport Package Regulation 1073/2009.	04-Dec-11		2
Road Transport	DfT	The Goods Vehicles (Community Licences) Regulations 2011 ¹⁹ As part of the implementation of new operator licensing EU rules, DfT has updated and merged two existing Statutory Instruments/regulations into one whilst avoiding gold-plating. This regulation supports the enforcement of goods vehicle operator licensing when freight companies are working internationally	04-Dec-11		2
Road Transport	DfT	The Goods Vehicles (Licensing of Operators) (Amendment) Regulations 2010 ¹⁹ DfT has updated these regulations as part of the implementation process of new EU rules that apply to the hire or reward sector, ensuring the lightest burden on industry.	04-Dec-11		1

¹⁸ This has been implemented through the publication date for CD format

¹⁹ The relevant provisions were out of scope of One-In, One-Out (EU origin)

Red Tape Challenge Theme	Lead Dept	Title and purpose of the Red Tape Challenge initiative	Entry into force	Existing measures scrapped	Measures improved ¹⁵
Road Transport	DfT	The Disabled Persons (Badges for Motor Vehicles) (England) (Amendment) (No.2) Regulations 2011 DfT has amended these regulations to enable local authorities to deliver and enforce the Blue Badge scheme more effectively. This has an estimated annual net benefit of £15m for local authorities.	Dec-11 and Apr-12		1
Hospitality, Food and Drinks	FSA	Revocation of The Authorised Officers (Meat Inspection) Regulations 1987 To scrap regulations specifying the qualifications to be held by an officer to act in relation to the examination and seizure of meat.	Apr-12	1	
Hospitality, Food and Drinks	FSA	The Materials and Articles in Contact with Food (England) Regulations 2012 FSA is consolidating four regulations concerning the safety of materials and articles (plastics, ceramics, regenerated cellulose film and active and intelligent materials) intended to come into contact with food into one Statutory Instrument. This includes ensuring continuity of the prohibition of bisphenol A in polycarbonate infant feeding bottles.	May-12		4
Retail	HMT	Revocation of remaining Trading with the Enemy regulations This Order shall remove the restrictions posed by the remaining 14 measures under the Trading with the Enemy Act.	April / May-12	14	
			NET TOTAL (123)	99	24

ANNEX C

Technical Notes

What is included in the Statement of New Regulation?

The Statement of New Regulation covers all new regulatory measures within the scope of One-in, One-out. Further details are available in the published One-in, One-out Methodology²⁰, but in summary this includes most new domestic regulations that are projected to give rise to costs or benefits to business and civil society organisations. It does not include regulations that are:

- implementing EU Regulations, Decisions and Directives;
- implementing international agreements;
- fiscal measures including measures designed to address systemic financial risk;
- civil emergency regulations as classed under the Civil Contingencies Act 2004;
- issued under Royal Proclamation or have a short-life span of up to 12 months and include an automatic sunset clause; or
- fees and charges imposed by public bodies for cost recovery purposes only.

What information are Departments publishing today?

Departments publishing a summary of the measures within the scope of the Statement of New Regulation which they expect to come into force between January and June 2012. Included in this is a short description of the title and purpose of the measure, expected date of implementation and a link to latest impact assessment (where published). Measures are broken down, where applicable, into the three main categories: 'INs', 'OUTs', and 'Zero Net Cost' measures.

The information published by departments is correct as of 28 February 2012, and has been used as the basis for the cross-Government and departmental totals provided in this statement. It is possible that legislative plans may change after the publication of the statement, resulting in measures not being introduced as expected. An update on the final position for the period will be provided in the next statement.

What is the difference between an IN, an OUT, and a Zero Net Cost measure?

An 'IN' is a measure that results in an increase in regulatory costs for business. In other words, the direct costs to business, assessed over the lifetime of the regulation, are expected to exceed the value of any benefits or savings to business.

An 'OUT' is a measure that removes or recasts an existing regulatory burden on business, resulting in a quantified reduction in costs to business.

²⁰ <http://www.bis.gov.uk/assets/biscore/better-regulation/docs/o/11-671-one-in-one-out-methodology>

The 'Zero Net Cost' category can cover a variety of different scenarios. These include regulatory and deregulatory measures where there is no quantified net cost or saving to business (for example where the impacts are very small). In addition, the 'Zero Net Cost' category covers measures that impose new obligations on business, but where the cost to business is expected to be fully offset by the anticipated savings.

How are the costs of regulation calculated?

The Statement of New Regulation includes details of the Equivalent Annual Net Cost to Business (EANCB) for each measure. The EANCB represents the annualised direct net cost to business, incorporating direct recurring costs, direct transition costs, direct recurring benefits, and direct transitional benefits, spread out over the lifetime of the policy.

All information is shown in constant 2009 prices (meaning that information is presented in 'money of the day' terms). In some cases where the information provided has been in different price terms (for example, in 2007 prices) some calculations have been undertaken to uplift the values into 2009 terms, so that all measures presented in the Statement of New Regulation are comparable on a like-for-like basis. This process does not change the significance of costs and benefits that were provided in the impact assessments, but simply expresses these in different price terms.

The independent Regulatory Policy Committee (RPC) rigorously scrutinise and challenge the assumptions underpinning the calculation of the costs and benefits for measures included in the statement, making sure they accurately reflect real impacts on business. Where no agreement on the correct figure can be reached between department and the RPC, it is the RPC's figure that is used.

Further detail can be found in the One-in, One-out Methodology.

What is the role of the Regulatory Policy Committee?

The Regulatory Policy Committee (RPC) was established to provide external and independent challenge on the evidence and analysis presented in Impact Assessments, to support the development of new regulatory measures proposed by the Government. In delivering its remit and the full benefits of external challenge, it aims to be objective and consistent as well as being truly independent of departmental decision making.

During the first half of 2011 278 Opinions on impact assessments sent for scrutiny were issued by the RPC, as shown in their third report published in July 2011²¹. They have also seen a significant increase in the proportion of Impact Assessments that were found to be 'fit for purpose' rising from 56% previously to 69%, illustrating that their work is beginning to have a real impact.

²¹ <http://regulatorypolicycommittee.independent.gov.uk/wp-content/uploads/2011/09/Rating-Regulation-July-2011-FINAL-A.pdf>

ANNEX D

Government Action on Regulation, Alternatives and Reduction in Non-Regulatory Burdens

To cut the regulatory burden facing British businesses the Government:

- has secured a European Commission commitment that reverses the burden of proof to facilitate exemption of micro-businesses from future EU legislation; and achieved agreement in Brussels to exempt micro-entity companies from certain EU accounting rules. This will allow up to 1.2 million UK businesses to benefit.
- has successfully lobbied the European Parliament to commit to conduct impact assessments on substantive amendments made in the Parliament, with the establishment of a specific unit to undertake this work in the Parliament.
- has published the report *'Let's get down to business: smart regulation, more growth, better Europe'* identifying ways to improve European growth opportunities for UK businesses.
- is significantly cutting the number of food labelling regulations from 31 to 17; and reducing the number of food safety regulations.
- is consulting on the removal of much of the Licensing Act 2003 affecting entertainment at small venues, making it easier and cheaper for community groups to put on simple amateur productions and fund-raising events.
- is changing domestic rules to minimise costs for construction businesses relating to adjudication – annual savings of £30 million.
- is simplifying requirements for companies updating their Companies House records – annual savings of £130k.
- is promoting greater competition in the energy supply market, by removing burdens on small energy suppliers.
- is driving the development of a low carbon economy by easing some of the planning restrictions on the development of electric vehicle charging points and domestic wind-turbines and heat pumps.
- is simplifying the requirements for Environmental Impact Assessment under the planning regime.
- is promoting urban regeneration by clarifying the rules applicable to development on contaminated land.
- is removing the requirement for Home Information Packs – reducing the cost of selling homes and helping to keep the housing market moving.
- is not extending the right to request flexible working to parents of 17 year olds.

- has started to implement major reforms to the Employment Tribunal system. We have laid legislation so that from 6 April 2012 new employees will need to accrue 2 years service to qualify for unfair dismissal rights - giving employers more time to get the working relationship right. We will also increase the maximum limit for deposit orders and cost awards at tribunal to £1000 and £20,000 respectively - more accurately reflecting the cost incurred by business (nearly £4000) when they defend an employment tribunal claim.
- has not brought forward the Equality Act dual discrimination rules; and is committing to consult on removing a requirement for businesses to take reasonable steps to prevent persistent harassment of their staff by third parties. This is something that businesses have no direct control over and so will save them £0.3 million.
- has announced the Pub Company Reform, under which the Industry Framework Code and a Code on fully repairing and insuring (FRI) leases will be strengthened, a Pub Independent Conciliation Advisory Service (PICAS) will be set up, a three year reaccreditation process for company Codes will be set up and a new Pubs Advisory Service (PAS) will be established to provide free advice to prospective and current tenants and leases.
- has linked the Apprenticeships Agreement to existing employment law rather than requiring a new document – thus avoiding additional burden to businesses.
- has responded to Lord Young and Professor Ragnar Löfstedt’s reviews of health and safety legislation. The Prime Minister announced on 5 January 2012 the following changes: "businesses will no longer have to report minor accidents; up to a million self-employed workers will be exempted from health and safety regulation completely; a new panel will give firms the right to challenge controversial inspection decisions; and from this January, the Health and Safety Executive begins the task of abolishing or consolidating up to half of existing regulations."
- has published its full response on 21 February 2012 to the independent review by the Farming Regulation Task Force, set up in July 2010 and led by Richard Macdonald. The Macdonald report, published in May 2011, recommended over 200 ways of reducing unnecessary "red tape" and reducing regulatory burdens on farmers and food processors. Out of 220 Task Force recommendations (with a further 18 recommendations directed at the Food Standards Agency), the Government has accepted 159 and is actively considering what could be possible on a further 31.

Highlights included in the first and second Statement of New Regulation:

- To cut the regulatory burden facing British businesses the Government has:
- scrapped proposals for specific regulations which would have cost business over £350 million a year. This includes not extending the right to request time to train business with fewer than 250 employees and not bringing forward the dual discrimination rule.
- introduced an unprecedented moratorium on new domestic regulation for micro-businesses and start-ups for the next three years.

- stemmed the flow of new regulation by introducing the 'One-in, One-out' system of for government departments.
- begun a public audit (Red Tape Challenge) of the stock of regulations currently in force with a presumption that burdensome regulations will be removed. Everyone can get involved to tell us the regulations that work and those that don't, what should be changed and what should be kept, by logging onto www.redtapechallenge.co.uk.
- decided to scrap or simplify 170 regulations affecting the retail sector as part of the Red Tape Challenge. A single piece of legislation will consolidate consumer rights law; the poisons licensing system for low risk products will be simplified; procedures for age verification or identification for the selling of age-restricted goods will be consolidated and simplified; disproportionate intervention (such as removing the age restriction for buying liqueur chocolates) ditched; and redundant legislation (for instance, trading with the enemy) removed.
- introduced 'sunset clauses' into new regulations so that policy makers have to review that regulation after five years to determine whether it remains relevant. This will begin to get rid of outdated regulations that are no longer needed but still impose a compliance cost on enterprise.
- ended the 'gold plating' of EU regulations so that British firms are not placed at a disadvantage compared to their EU competitors.
- simplified existing regulatory content on businesslink.gov and enhanced the website search facility to improve access to all content. The Better Regulation Executive will now go further and work with the Government Digital Service on the priorities indentified by business, so that guidance provides a much legal certainty as possible, supports easier transactions with Government and is tailored to help smaller businesses.
- supported HM Revenue & Customs (HMRC) consulting on moving registration for the main business taxes online. HMRC launched two consultations - 'Digital by Default' and 'Next steps for moving VAT online' - on 8 August 2011. It should be noted that though this is a Government action, tax is exempt from the One-in, One-out rule. Tax and tax administration is a matter for the Chancellor, who launched the Office of Tax Simplification (OTS) along with the Exchequer Secretary in 2010. So far the OTS has a number of ongoing reviews of existing tax law, including Employee share schemes and Small Business Tax Simplification. The final report on small business tax and the first report on employee share schemes will be published in the week commencing Monday 27 February. A full list of their reviews, including closed ones, can be found on their web site <http://www.hm-treasury.gov.uk/ots.htm>."

This page intentionally left blank

© Crown copyright 2012

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. Visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk.

This publication is also available on our website at <http://www.bis.gov.uk>

Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000

If you require this publication in an alternative format, email enquiries@bis.gsi.gov.uk, or call 020 7215 5000.

URN 12/P96A