



# Summary: Analysis & Evidence

# Policy Option 1

**Description:** Preferred Option 1: Implement a statutory register of third party lobbyists; registering all consultant lobbyists and legislate to ensure lobbyists declare their clients and intentions.

## FULL ECONOMIC ASSESSMENT

Price Base Year 2013	PV Base Year 2013	Time Period Years 11	Net Benefit (Present Value (PV)) (£m)		
			Low: -£2.5m	High: -£4.5m	Best Estimate: -£2.8m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0.6m	£0.3m	<b>£2.5m</b>
High	£0.9m	£0.5m	<b>£4.5m</b>
Best Estimate	£0.7m	£0.3m	<b>£2.8m</b>

### Description and scale of key monetised costs by 'main affected groups'

Each consultancy lobbying firm is conservatively estimated to incur an administrative cost burden of £120 for initial registration and £100 each subsequent year for quarterly updates. Furthermore, the firms will pay an annual fee that estimated to be between £320 and £497 on average. As small firms who do not pay VAT are exempt from the fee however the smallest 50% of firms will only pay compliance costs and no fees while the larger firms also pay £640 - £994.

### Other key non-monetised costs by 'main affected groups'

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BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0	<b>0</b>
High	0	0	<b>0</b>
Best Estimate	0	0	<b>0</b>

### Description and scale of key monetised benefits by 'main affected groups'

The cost of the register would be recovered by a fee charged to each lobbying firm, putting no added burden on the taxpayer.

### Other key non-monetised benefits by 'main affected groups'

The introduction of a statutory register of consultant lobbyists will address the problem of information asymmetry in relation to those who seek to influence government. In doing so, it will increase the scrutiny to which decision-makers and those who seek to influence them are subject and give the public confidence that the process is transparent.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
The figures for numbers of lobbyists and the cost of the register are taken from international comparison with countries following the Westminster model of government that have a similar lobbying register already in place. Cost of the registrar in the central estimate is assumed to be equivalent to the Australian registrar, the most similar registrar to the proposed model.		

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: £0.3      Benefits: 0      Net: -£0.3	Yes	IN

## **Evidence Base (for summary sheets)**

### **1. The policy issue and rationale for Government intervention**

#### **Policy Issue:**

It is not always transparent whose interests are being represented when consultant lobbyists meet with ministers and senior officials. This information asymmetry may lead to suboptimal policy making.

#### **Rationale for Intervention:**

Each department currently publishes, on a quarterly basis, details of ministers' and permanent secretaries' meetings with external organisations and individuals – including lobbyists. What remains unclear to the public when they consult that information, however, is exactly whose interests are being represented when consultant lobbyists meet with ministers.

Without the backing of statute, the current system of industry-founded self-regulation will continue to leave some lobbyists operating without transparency, further fuelling the perception of undue influence. Only a statutory register, backed by penalties, will be able to open the lobbying industry up to scrutiny and enable punishment of those who are not acting transparently.

Similarly, government will continue to be vulnerable to asymmetric information unless this is prevented by statute, perpetuating this lack of transparency. Although the most transparent lobbyists have signed up to a code of conduct with UKPAC and other professional organisations, government will continue to be vulnerable to the lobbyists who do not declare their clients up front.

### **2. Policy options considered**

As outlined above the three options under consideration in this bill are:

Option 0: Do nothing- continue with the current system of self-regulation.

Option 1 (the preferred option): Implement a publicly-accessible statutory register of third-party consultant lobbyists on which they are required to disclose details of their clients and their lobbying activity.

Option 2: Implement a publicly-accessible statutory register of both in-house and third-party consultant lobbyists on which they are required to disclose details of their clients (where relevant) and their lobbying activity.

### **3. Policy objectives and intended effects**

Creating a statutory register of lobbyists is intended to enhance the transparency of decision-makers and those that seek to influence them. By doing so it will further enable the public to hold politicians and public bodies to account.

A survey of lobbyists by the OECD (2012) found that 76% of respondent lobbyists “agree” or “strongly agree” that “some level of public transparency of lobbying activity would help alleviate actual or perceived problems of inappropriate influence-peddling by lobbyists”.

Similarly a survey of administrations, lobbyists and politicians<sup>1</sup> in countries which have implemented lobbyist registers found that 67% of respondents felt access to an official list of lobbyists ensured accountability. The same study found that that this opinion was relatively homogenous across administrators, lobbyists and politicians, with the majority of all three groups concurring that regulation helped ensure this much needed accountability.

#### **4. Policy costs (options 1 and 2)**

Under option 1 all consultant lobbyists – those who are paid to lobby ministers and permanent secretaries on behalf of a third party – will be impacted in two ways:

1. Lobbyists firms will be required to file information on a quarterly basis (*compliance costs*);
2. Lobbyists firms will be required to pay a fee to the registrar to cover the running costs of the registrar (*cost recovery fee*).

The cost to business under option 2 would be similar but compliance costs would also be incurred to organisations that lobby on behalf of their own organisation (in house lobbyists).

The low complexity of the information required and the simple administration of the register are also expected to result in relatively low costs to the lobbying firms. Costs are discussed in more detail in the next section.

Foreign missions will be exempt from the register under both options and the register will not cover the Parliament (the legislature covers around 10% of lobbying registrations in Canada). All other lobbying organisations will be covered by options 1 and/ or 2. Organisations who are VAT registered (firms must register for VAT if they have a revenue above £79,000) will however be exempt from the fee. It is estimated that around 50% of consultant lobbyists will thus not have to pay the fee (see annex E).

*Administrative compliance costs:* These costs are expected to be small because lobbying firms will need only to provide information on their company name, company number, registered address and a list of their clients. A report by the US Government Accountability Office<sup>2</sup> into the administrative cost of reporting in the US ascertained that 96% of the lobbying firms surveyed found that the US reporting requirements (which require far more detailed information than for the UK) were “easy” or “somewhat easy” to meet<sup>3</sup>.

It is conservatively assumed that providing this information will require half a working day (3.5 hours) for the first tranche of information and one hour to update it every quarter. The cost of this is generated using the standard cost model and is detailed in annex B. It is further assumed (conservatively) that half of all lobbying businesses will need to submit for the first time each subsequent year, reflecting attrition and replacement of firms in the lobbying industry. As there

<sup>1</sup> Chari, Hogan and Murphy (2010) *Regulating lobbying: a global comparison*

<sup>2</sup> <http://www.gao.gov/assets/590/589804.pdf>

<sup>3</sup> Including financial details

will be no requirement to submit the names of lobbyists, it is assumed that only one form will be submitted for each lobbying firm.

*Cost recovery fee:* The overall administration of the register is expected to be low-cost because the government is implementing a simple registration system similar to the Australian model. As a result, the fee which will be charged to cost recover this is also expected to be low.

The forecast running cost, equal to the total fee charged to the industry, is outlined below in table 0.1. The cost of the Australian model, from which these forecasts are derived, is outlined in Annex C.

*Table 0.1- Estimated cost of the registrar (2013/14 price terms)*

	2014	2015	2016	2017	2018
Capital and resource cost (£m; 2013/14 price terms)	0.5	0.2	0.2	0.2	0.2

Note: Assumes that, unlike Australia, all capital costs are assumed to be incurred in 2014/15 reflecting the assumption of an implementation date early in the financial year 2014/15

To simulate the maximum possible cost of registration we have assumed, for the high estimate, that every lobbying firm is charged £450 in 2013/14 price terms based on the fee charged by UKPAC, the current voluntary body, to external firms.

*Demand loss:* It is believed that there will be no drop in demand as a result of this greater transparency. This is discussed in more detail in annex G.

**Options appraisal**

Note: the 'low' scenario refers to the low cost scenario while the high scenario refers to the high cost scenario.

**Option 0: Do Nothing**

Continuing with the current system of self-regulation, whereby the industry hosts a voluntary register of lobbyists, would not address the identified issue. Without scrutiny and the possibility of punishment, there is no incentive for lobbyists to further improve their transparency and public accountability – only the backing of statute can incentivise this change.

**Preferred Option 1: Implement a statutory register of third-party lobbyists**

- *Affecting approximately 1000 consultant lobbyists;*
- *Increases transparency and accountability by ensuring that a) all consultant lobbyists are registered and b) all consultant lobbyists accurately declare their representation thus ensuring transparency for government and the public;*

- Low estimated cost- £350,000 pa (2013/14 terms; central estimate);
- Around 50% of the smallest consultancy firms are exempted from the fee.

Option 1 registers all consultant lobbyists except those involved in foreign trade missions or those lobbying Parliament exclusively (around 10% of total registrations in Canada). It will not register in-house lobbyists, who lobby on behalf of their own organisation because it is already clear on whose behalf they lobby when they communicate with Government. This option has a lower number of potential registrants than option 2 which would also register third party lobbyists and is thus expected to create less compliance burdens.

International comparisons suggest that there are only around 1,000 consultant lobbyists in the UK which would register (see annex A) and UKPAC, the current self-regulating body, similarly estimates that the statutory register would cover around 1,000 consultant lobbyists<sup>4</sup>. The total cost of this option in the central estimate is only £350,000 pa making it the less expensive of the two viable options (see table 1.1 and 1.2. below). To be prudent the high estimate assumes that even those lobbyists who solely lobby Parliament (estimated 10% of the total) register out of an abundance of caution.

*Table 1.1-Estimated cost to consultancy lobbying industry of implementing a statutory registry of third-party lobbyists (2013/14 price terms)*

	Per lobbyist		Per consultancy lobbyist firm				Lobbying consultancy industry average annual cost (2013/14 price terms)
	Estimated number of lobbyists (10 year average)	Total Cost per Lobbyist (2013/14 price terms)	Estimated number of lobbying firms	Average administrative cost per lobbying firm	Average fee per lobbying firm	Average fee per firm who is VAT registered	
Central estimate average-10 year period	1,049	£291	720	£102	£322	£644	£300,000
High estimate average-10 year period	1,185	£411	814	£102	£497	£994	£500,000
low estimate average-10 year period	801	£360	550	£102	£422	£844	£300,000

<sup>4</sup> This is also in line with other estimates for the UK- e.g. Karl Milner, cited in "Lobbying: The art of political persuasion" by Lionel Zetter, Harriman House, 2008, estimated that the UK had between 600-700 consultant lobbyists.

Note: this table describes the impact on the consultancy lobbying industry only. There is also a cost of familiarisation to in house consultant lobbyists of around £50,000 in the central estimate outlined in table 1.2. Full list of assumptions and composition of lobbyists covered in each option in annex F.

Costs:

Compliance costs are conservatively estimated to incur an administrative cost burden of £120 for initial registration and £100 each subsequent year for quarterly updates, an average of £102 annually for all lobbying firms. This represents a total consultant lobbying industry cost of £100,000 pa (2013/14 price terms) in the central estimate. It is also assumed that there will be an additional cost of familiarisation with the legislation for in house lobbyists who do not need to register but who may nevertheless need to familiarise themselves with the legislation. This is estimated to cost a further £50,000 per year on average (2013/14 price terms)

Table 1.2- Estimated familiarisation cost to business not captured by regulation of implementing a statutory registry of third-party lobbyists (2013/14 price terms)

	Per firm		
	Estimated number of firms employing in-house lobbyists	Average cost per firm (2013/14 price terms)	In-house industry average annual cost (2013/14 price terms)
Central estimate average- 10 year period	4,375	£20 (2014/15) £10 (2015/16 onwards)	£50,000
High estimate average- 10 year period	6,782	£20 (2014/15) £10 (2015/16 onwards)	£75,000
Low estimate average- 10 year period	1,842	£20 (2014/15) £10 (2015/16 onwards)	£20,000

Note: central estimate assumes to be a mid-point of the high and low number of in house consultancies for option 2 (described in annex F).

The total cost of the registrar is expected to cost a further £200,000 annually over the 10 year period. As the fee will be charged on a cost recovery basis the fee per firm will be greater under this option as the sum of the registrar's cost is shared between fewer firms. The implication of this is that, in the central estimate, the average fee per lobbying firm is £322 (in 2013/24 price terms). An estimated 50% of the smallest firms would however be exempt from the fee.

Therefore the smallest firms would only incur only an average of £102 compliance costs whilst the larger 50% firms would incur these compliance costs and a further fee of £644 in the central

scenario. In house lobbyists would only spend £20 in compliance costs (2014/15) by contrast as they would only need to ascertain that they were not affected by the regulation.

Fewer firms, however, would incur significant compliance costs than in option 2 and as a result this option is less costly to industry overall than option 2.

#### *Benefits:*

Option 1 addresses the specific policy problem that has been identified by the Government: that it is unclear whose interests are being represented by consultant lobbyists when they meet with ministers and senior officials. That problem does not apply to in-house lobbyists who are clearly representing the interests of their employers. There has not been a clear articulation of the problem that would be addressed by expanding the scope of the register to capture in-house in addition to consultant lobbyists (option 2). Option 1 will increase the scrutiny to which decision-makers and those who seek to influence them are subject and give the public confidence that the process is transparent.

#### **Option 2: Implement a statutory register of in-house and third-party lobbyists**

- *Estimated to cover around 1,000 consultant lobbyists and a further 6,000 in house lobbyists;*
- *Delivers similar levels of transparency in relation to who is seeking to influence ministers and permanent secretaries, as option 1;*
- *This option is most costly for industry because more firms incur full compliance costs – a central cost of £700,000 pa (2013/14 price terms), double the estimated cost of a consultant-only register (option 1);*

Option 2 would register all lobbyists (consultant and in-house) exempting those involving foreign missions or those exclusively lobbying Parliament (around 10% of total registrations in Canada). This option would therefore create a more comprehensive register of lobbyists of around 3500-8,000 lobbyists in a system similar to that of Canada in which both in house and consultant lobbyist firms register and declare their clients (where relevant) and lobbying activity.

Costs would be higher overall because more firms would have to comply with the regulations (£700,000 pa in 2013/14 price terms). This option is not however expected to improve transparency more than option 1 because the government already publishes a list of meetings and, for in-house lobbyists, their intentions are already transparent through this channel. Similarly to option 1 small firms (those who are VAT registered) would be exempt from the fee and this is estimated to exempt around 500 consultant lobbyist firms- it is likely that most firms who employ in house lobbyists are sufficiently large to be VAT register (as they are likely to exceed the £79,000 threshold above which they must register for VAT).

To be prudent the high estimate assumes that even those lobbyists who solely lobby Parliament (estimated 10% of the total) register out of an abundance of caution.



Table 2.1- Estimated cost to business of implementing a statutory registry of in house and third-party lobbyists (2013/14 price terms)

	Per Individual		Per Firm				
	Estimated number of lobbyists (10 year average)	Total Cost per Lobbyist (2013/14 price terms)	Estimated number of lobbying firms	Average administrative cost per firm	Average fee per firm	Average fee per VAT registered firm	Lobbying industry average annual cost (2013/14 price terms)
Central estimate average-10 year period	7,050	£103	4,840	£102	£48	£50	£700,000
High estimate average-10 year period	8,083	£531	7,596	£102	£455	£468	£4,200,000
low estimate average-10 year period	3,484	£137	2,392	£102	£97	£110	£500,000

Note: full list of assumptions and composition of lobbyists covered in each option in annex F.

#### Costs:

Although the total cost of the registrar is forecast, in the central estimate, to remain the same as option 1, compliance costs will be higher because more firms will have to comply with the new regulations. These additional compliance costs increase the total average cost of this option to £700,000 per year (2013/14 price terms). If the registrar cannot achieve economies of scale (i.e. will not be able to register 7,000 lobbyists for the same cost as registering 1,000) costs to industry could rise as high as £4.2m.

Assuming economies of scale could be achieved however the fee per firm would be lower because the cost of the registrar would be spread between more firms.

#### Benefits:

As with option 1 transparency and accountability are expected to be improved. However option 2 is not expected to provide greater benefits than option 1 as the disclosure of in-house lobbying activity effectively replicates the existing government transparency regime, by which all government departments publish details of ministers' and senior officials' meetings. It is only unclear who a lobbyist represents when they are acting on behalf of a 3<sup>rd</sup> party firm which is not represented, and thus not reported, at the meeting whereas in-house lobbyists are clearly representing the interests of their employers.

## Annex A International Comparison of Lobbying

The UK register will only include third-party lobbyists (not in-house lobbyists) who lobby ministers and senior officials (not Parliamentarians) with exemptions for those involved in foreign missions. The cost of the registrar will be covered by a fee charged to the respective organisations of these lobbyists provided that they are VAT registered; all those whose turnover is below this will be required to register but will be exempt from this fee.

There are wide variations in the number of lobbyists registered in each country driven by the system of government as much as the regulatory exceptions and enforcement. Given the magnitude of the differences this assessment has been made solely on the basis of those countries who share a similar model of government to the UK (the Westminster model) on a GDP equivalent basis.

*Table A.1 International comparison of lobbyists registered (2013)*

	<b>Number of lobbyists registered</b>	<b>GDP (2012) (US\$)</b>	<b>GDP (2012) to UK GDP (2012) ratio</b>	<b>GDP equivalent number of lobbyist</b>
Australia* (third party only)	448	1,541.80	63%	709
Canada (third party only)	782	1,819.08	75%	1049
Canada (In house and third party)	5256	1,819.08	75%	7052

\* Number of third party lobbyists only as Australia excludes in house lobbyists from its register

Note: Both countries share the Westminster model.

## Annex B Standard cost model

The administrative costs were calculated on the basis of the standard cost model laid out below in table B.1.

Table B.1 The standard cost model applied to the administrative costs of the statutory registry of lobbyists- initial registration (2013/14 price terms)

Activity	Duration (hours)	Form filling related cost		Non-form filling related cost		Total	
		£	%	£	%	£	%
Familiarisation with the information obligation	1	£17.64	29%	x	x	£17.64	0.29
Information retrieval	0.5	£8.82	14%	x	x	£8.82	0.14
Assessment	0.5	£8.82	14%	x	x	£8.82	0.14
Calculation	X	x	x	x	x	x	x
Presentation of figures	X	x	x	x	x	x	x
Checking	X	x	x	x	x	x	x
Correction	X	x	x	x	x	x	x
Description	X	x	x	x	x	x	x
Settlement/ payment				x	x	x	x
Internal meetings	X	x	x	x	x	x	x
External meetings	X	x	x	x	x	x	x
Inspection by public authorities	X	x	x	x	x	x	x
Correction resulting from inspection by public authorities	X	x	x	x	x	x	x
Training	x	x	x	x	x	x	x
Copying, distribution, filing, etc.	0.5	£8.82	14%	x	x	£8.82	0.14
Reporting/submi tting information	1	£17.64	29%	x	x	£17.64	0.29
All	3.5	£61.74	100%	x	x	£61.74	1.00
Rounded		£60					

Table B.2 The standard cost model applied to the administrative costs of the statutory registry of lobbyists- ongoing updates each quarter (2013/14 price terms)

Activity	Hours	Cost
Information retrieval	0.5	£8.82
Updating online register	0.5	£8.82
<b>Total</b>	<b>1</b>	<b>£17.64</b>
<b>Rounded</b>		<b>£20</b>

It is assumed that the administration of this task is performed by staff in the administrative and secretarial occupations (from ASHE 2011), inflated to 2013 prices with employer NICS and a 30% overhead.

Table B.3 Labour costs underpinning the administrative cost of the statutory registry of lobbyists (2013/14 price terms)

	Mean hourly pay	Inflated to 2013 prices	Inflated + Employer NICS	Inflated + Employer NICS +30% overhead
<b>Administrative and secretarial occupations</b>	£11.86	£12.28	£13.42	£17.45
Administrative occupations	£11.99	£12.42	£13.57	£17.64
Administrative occupations: Records	£11.55	£11.96	£13.05	£16.97

## Annex C The Australian administration of the statutory registry of lobbyists

Table C.1 The cost of the Australian implementation of the statutory registry of lobbyists (\$AUS m; cash terms)

	Expense (\$m)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Department of the Prime Minister and Cabinet	0.2	0.2	0.3	0.3	0.3
Related capital (\$m)					
Department of the Prime Minister and Cabinet	0.1	0.3	-	-	-

## Annex D – Equality Impacts of a Statutory Register of Lobbyists

### *Who does the proposal affect?*

The statutory register of lobbyists will impact consultant lobbying businesses, which lobby Ministers and Permanent Secretaries on behalf of third parties because:

1. Lobbyists firms will be required to file information on a quarterly basis;
2. Lobbyists firms will be required to pay a fee to the registrar to cover their running costs costs.

The total regulatory impact of this is expected to be low because the legislation will cover a small number of firms. Individuals or organisations that lobby on behalf of their own organisation (in-house lobbyists) will be exempt because it is already clear on whose behalf they lobby. Foreign missions will also be exempt. International comparisons suggest that there are only around 1,000 consultant lobbyists and UKPAC, the current self-regulating body, similarly estimates that the statutory register would cover around 1,000 consultant lobbyists<sup>5</sup>.

The low complexity of the information required and the simple administration of the register are also expected to result in low costs per lobbyist.

### Overarching Equality Impacts

There will be a cost impact on consultant lobbyists, however we do not expect this to have a material impact on level of employment given the relatively high incomes in the sector (£45,000 median gross basic salary/income per annum for consultant lobbyists<sup>6</sup>). Rather we expect costs to be absorbed.

### How does the proposal affect protected groups?

Although the effects of the proposals may impact on different protected groups in different ways, our assessment suggests that there will be **no direct adverse equality impacts** on these groups from the implementation of the proposed legislative measures.

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<sup>5</sup> This is also in line with other estimates for the UK- e.g. Karl Milner, cited in "Lobbying: The art of political persuasion" by Lionel Zetter, Harriman House, 2008, estimated that the UK had between 600 and 700 consultant lobbyists.

<sup>6</sup> State of the Profession, 2013 (CIPR/ComRes)

[http://www.comres.co.uk/polls/CIPR\\_State\\_of\\_the\\_Profession\\_Final\\_Tables\\_29\\_Jan\\_2013\\_FILE\\_1.pdf](http://www.comres.co.uk/polls/CIPR_State_of_the_Profession_Final_Tables_29_Jan_2013_FILE_1.pdf)

## Age

With regard the consultant lobbying industry we find the following representation of age groups<sup>7</sup>:

Table D.1 Age distribution of Consultant lobbyists, 2012

	18-24	25-34	35-44	45-60	60+
Percentage of consultant lobbyists	4%	25%	24%	38%	10%

Source: CIPR State of the Profession Survey, November 2012

The representation of age groups in the industry largely reflects that found in the professional workforce generally, although the industry does appear to employ fewer younger people. Nevertheless, we do not expect any direct issues in terms of equality.

## Gender

Women are over-represented in the Public Relations industry generally (62%), however in the consultant lobbyist industry specifically CIPR found that the proportion was 56%<sup>8</sup>. Whilst this is higher than the proportion of working age women in the wider economy, who represent 46% of total workforce<sup>9</sup>, **we do not expect any direct issues in terms of equality.**

## Disability

There is relatively little data on the representation of disabled persons in the consultant lobbying industry. However, a CEBR report published in 2005 suggested that 2% of PR practitioners are registered disabled<sup>10</sup>. We have no reason to believe that people classified as disabled are over-represented in the consultant lobbyist industry and therefore **do not expect any direct issues in terms of equality.**

<sup>7</sup> State of the Profession, 2013 (CIPR/ComRes)  
[http://www.comres.co.uk/polls/CIPR\\_State\\_of\\_the\\_Profession\\_Final\\_Tables\\_29\\_Jan\\_2013\\_FILE\\_1.pdf](http://www.comres.co.uk/polls/CIPR_State_of_the_Profession_Final_Tables_29_Jan_2013_FILE_1.pdf)

<sup>8</sup> State of the Profession, 2013 (CIPR/ComRes)  
[http://www.comres.co.uk/polls/CIPR\\_State\\_of\\_the\\_Profession\\_Final\\_Tables\\_29\\_Jan\\_2013\\_FILE\\_1.pdf](http://www.comres.co.uk/polls/CIPR_State_of_the_Profession_Final_Tables_29_Jan_2013_FILE_1.pdf)

<sup>9</sup> Annual Population Survey, Jan 2012- December 201216-64

<sup>10</sup> <http://www.prca.org.uk/assets/files/Broadening%20access%20to%20the%20PR%20industry.pdf>

## Ethnicity

According to CIPR (2012) ethnic minority employment in consultant lobbyists is roughly in line with other professional occupations. The CIPR State of the Profession Survey (2012)<sup>11</sup> found that 15% of consultant lobbyists are from ethnic minority backgrounds, compared to 14% of those in professional occupations in the wider economy.

*Table C.2 Employment in consultant lobbyists by ethnicity, 2012*

	White British	Irish	Other White	Other mixed	African	Prefer not to say	Other	Indian
Percentage of consultant lobbyists	85%	2%	6%	1%	1%	2%	2%	1%

Source: CIPR State of the Profession Survey, November 2012

We therefore do not expect any **direct issues in terms of equality**

### Other Protected Groups

Our assessment of the equality impacts of these policies suggests that there would be **no direct equality impact** on the other protected groups such as religion and belief, sexual orientation, gender reassignment, pregnancy and maternity. However we welcome any comments and evidence that may develop or further inform our assessment.

### Annex E – estimating the number of firms that will be exempt from the fee

HMRC VAT data for 2011 shows just over 300,000 businesses that are VAT registered are classified as “M Professional, Scientific and Technical Activities” and BIS (2012) data suggests that there are 665,000 businesses of this classification in total ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/16402/bpe\\_2012\\_data.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/16402/bpe_2012_data.xls)). Assuming that the lobbying industry is similar would give us an estimate of about half of lobbying consultants being registered for VAT.

<sup>11</sup> State of the Profession, 2013 (CIPR/ComRes)  
[http://www.comres.co.uk/polls/CIPR\\_State\\_of\\_the\\_Profession\\_Final\\_Tables\\_29\\_Jan\\_2013\\_FILE\\_1.pdf](http://www.comres.co.uk/polls/CIPR_State_of_the_Profession_Final_Tables_29_Jan_2013_FILE_1.pdf)



## Annex F- assumptions and option composition

	<b>Option 1- Register consultant lobbyists</b> (table 1.1)	<b>Option 2- Register consultant lobbyists and in house lobbyists</b> (table 2.1)
<b>Composition of lobbyists in the option</b>	All <u>consultant</u> lobbyists except those lobbying Parliament and foreign missions. <u>Excludes in house lobbyists</u>	All <u>consultant</u> and <u>in-house lobbyists</u> except those lobbying Parliament and excluding foreign missions
<b>Estimated number of lobbyists in year 0- the first year of implementation (assumptions)</b>	<b>Low:</b> Based on the GDP equivalent of <u>consultant lobbyists registered in Australia</u> (see annex A); <b>Central:</b> Based on the GDP equivalent of <u>consultant lobbyists registered in Canada</u> net 10% lobbying the House of Commons or Senate (the Canadian legislature); <b>High:</b> Based on the GDP equivalent of <u>consultant lobbyists registered in Canada</u>	<b>Low:</b> Based on the GDP equivalent of <u>consultant lobbyists registered in Australia</u> uplifted by 4x <sup>12</sup> <b>Central:</b> Based on the GDP equivalent of <u>consultant and in-house lobbyists</u> registered in Canada net 10% lobbying the House of Commons or Senate (the Canadian legislature); <b>High:</b> Based on the GDP equivalent of <u>consultant and in-house lobbyists</u> registered in Canada;
<b>Estimated growth in number of lobbyists (assumptions)</b>	Assumes that the number of lobbyists in year 0 for the low/ central and high estimates grows in line with GDP (forecast by the OBR March 2013)	Assumes that the number of lobbyists in year 0 for the low/ central and high estimates grows in line with GDP (forecast by the OBR March 2013)
<b>Estimated number of lobbyists per firm (assumptions)</b>	<b>Low/ central/ high:</b> 1.5 lobbyists per firm in line with the Australian/ Canadian average.	<b>Low/ central:</b> 1.5 lobbyists per firm in line with the Australian/ Canadian average. <b>High:</b> Assumes that consultant lobbyists employ 1.5 lobbyists per firm and that in house firms employ 1 lobbyist per firm.
<b>Administrative cost estimates (assumptions)</b>	<b>Low/ central/ high:</b> Based on the standard cost model outlined in annex B on a <u>per firm basis</u> .	<b>Low/ central/ high:</b> Based on the standard cost model outlined in annex B on a <u>per firm basis</u> .
<b>Familiarisation cost lobbyists who are not required to register</b>	<b>Low/ central/ high:</b> Assumes that <u>all in house lobbyists</u> will have to familiarise themselves with the legislation to determine that they are exempt. Volumes	<b>Low/ central/ high:</b> None assumed.

<sup>12</sup> In line CIPR/ComRes estimate that the proportion of consultant lobbyists as a percentage of the industry is 23% State of the Profession, 2013 (CIPR/ComRes)

	are based on the low, central and high volumes assumed in house lobbyists in option 2.	
<b>Registrar cost estimates (assumptions)</b>	<p><b>Low/ central:</b> Based on the cost of the Australian registrar (the closest international model of registration to the proposed UK registrar):</p> <p><b>High:</b> Assumes that each firm is charged £450 (in line with current UKPAC fee structure for non members) and that there is also a further £0.3m set up cost.</p>	<p><b>Low/ central:</b> Based on the cost of the Australian registrar (the closest international model of registration to the proposed UK registrar):</p> <p><b>High:</b> Assumes that each firm is charged £450 (in line with current UKPAC fee structure for non members) and that there is also a further £0.3m set up cost.</p>

## Annex G- the impact on demand

There are no data available on consultant lobbyists or related markets that would enable a robust assessment on the impact on demand for consultant lobbyists' services as a result of increased transparency. However, an OECD survey found that 82% of lobbyists agreed that the information on the register should go online, and only 9% wanting to keep some confidentiality, suggesting that transparency is not detrimental to their business model. Two theoretical factors further suggest that the net effect of introducing systematic transparency would not be detrimental to demand:

- 1) Lack of available substitutes makes a decrease in demand less likely:  
If particular clients disliked their name being made public or put a premium on their privacy then these clients may wish to opt for a substitute service. However, the closest substitute to consultancy lobbying would be to set up as an in-house lobbyist which would also be transparent through current government reporting. As there are no obviously similar substitutes which are not transparent it is likely that there is a low substitutability between lobbying and other industries and therefore the substitution effect is most likely to be negligible.
  
- 2) Transparency may stimulate demand:  
It is also possible that increased transparency, following the online publication of the register, will lead to more clients using consultancy lobbyists' services. Firstly because clients may put a premium on transparency and secondly because potential new clients will be able to see who else a consultant lobbyist is representing, and wish to engage the services of a firm with experience in the industry or a good reputation. In classical economics more perfect information generally leads to more perfect competition which stimulates, rather than depresses, demand. The fact that many consultancy lobbying firms already publish a list of clients online and join professional associations strongly suggests that that transparency has a positive value for many businesses.

We therefore assess that for net demand impact will be either positive or negligible and therefore do not count this towards the EANCB.