



Rating Regulation

An independent report on the analysis
supporting regulatory proposals,
January-June 2011

July 2011

Table of Contents

Foreword	3
By Michael Gibbons OBE	3
Executive Summary	5
Chapter 1: The Role of the Regulatory Policy Committee.....	7
Introduction.....	7
The Committee	7
Our role	7
Our scope	8
Our history.....	9
Our role in ‘One-in, One-out’	10
Chapter 2: Our approach to scrutinising Impact Assessments	11
Introduction.....	11
The Committee and the Secretariat	11
Nine stages to produce an Opinion.....	11
Six recommendations behind an Opinion	12
Our ‘softer’ processes	14
Red, Amber and Green flags	15
Chapter 3: Our latest results	17
Introduction.....	17
Headline results.....	17
The main reasons for our Red, Amber and Green flags.....	19
What we look for at different stages and for different types of Impact Assessments.....	21
Chapter 4: Our role in ‘One-in, One-out’	27
Introduction.....	27
Our ‘One-in, One-out’ responsibilities	28
How we fulfil our responsibilities	30
Our role in the Statement of New Regulation	30
Next steps	32
Annex A	33
Members of the Regulatory Policy Committee.....	33
Secretariat.....	35
Annex B	37
Opinions issued by the Regulatory Policy Committee, January – June 2011.....	37
Annex C.....	53
Contacting the Regulatory Policy Committee	53

Foreword

By Michael Gibbons OBE



This is our third report and covers what has been a challenging and successful six months for the Regulatory Policy Committee (RPC).

In addition to reviewing the analysis and evidence supporting new regulatory proposals, Ministers have expanded our remit to include the validation of the measures contained in the Government's Statement of New Regulation and the proposals emerging from the Red Tape Challenge. The expansion of our role signals the commitment of Ministers to external and independent scrutiny of regulation.


During the last six months we have issued 278 Opinions on Impact Assessments sent to us for scrutiny. We are now seeing positive signs that our work is beginning to make a real difference. There has been a significant reduction in the proportion of Impact Assessments that we have found to be 'Not Fit for Purpose', falling from 44% previously to 31% now.

There is, of course, still a need for further improvement. We would like to see more Green-rated Impact Assessments because this would allow Ministers and UK citizens to have a better understanding of the real costs and benefits of regulation.

Ministers have now asked us to validate the costs and benefits for all measures which fall within the scope of the Government's 'One-in, One-out' policy. External and independent scrutiny of the claimed costs and benefits on business adds credibility to the process. We have seen both exaggerated 'OUTs' and underestimated 'INs' and we have been rigorous in ensuring that the estimates more accurately reflect the real impacts on business.

We think 'One-in, One-out' has the potential to provide a greater level of discipline to those who want to bring in regulation and to contribute to long-lasting culture change across Whitehall. We think that in time the scope of 'One-in, One-out' should be expanded to cover more regulation, for example from Europe and from regulators in the UK.

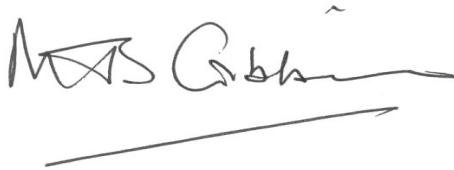
'One-in, One-out' is attracting a great deal of interest elsewhere in Europe and indeed worldwide. The RPC is pleased to have such an integral role, and is committed to making an important contribution to the policy.



We want to increase the visibility of what we do, not least because it will further improve the quality of the regulatory development process.

In conclusion, we will continue to deliver robust independent scrutiny while responding positively to new challenges. I would like thank my fellow Committee members and the RPC Secretariat for all their hard work and outstanding commitment.

I hope you will find this report of interest and would welcome any views that you may have.



MICHAEL J S GIBBONS OBE
Chairman of the Regulatory Policy Committee

Executive Summary

Our remit

The RPC was established to provide external and independent challenge on the evidence and analysis, presented in Impact Assessments, supporting the development of new regulatory measures proposed by the Government.

In delivering our remit and the full benefits of external challenge, we are mindful of the need to be objective and consistent as well as being truly independent of departmental decision making. The nine stage approach we have established in scrutinising each Impact Assessment is integral to achieving this, and along with our six recommendations, forms the basis of our key findings.

Our latest results

During the first six months of 2011, we have seen a significant improvement in the quality of analysis and evidence presented to us by departments. Previously we found that 44% of Impact Assessments sent to us for scrutiny were 'Not Fit for Purpose'; now this has fallen to 31%. However, our results show a marked variation in the quality of analysis by departments as indicated by how they compare against our new Red-Amber-Green ratings system.

Our new recommendation

During the period our remit has been expanded to include validating the costs and benefits to business of proposed regulatory measures that are in scope of the Government's 'One-in, One-out' policy. The policy, which aims to control the cost of regulation imposed on business by departments, requires external quality assurance to operate effectively. Our new recommendation, 'Understand the real cost to business of regulation', has been made to ensure that the claimed costs and benefits of regulatory and deregulatory proposals as they impact on business are realistic.

In the absence of our involvement, the April 2011 Statement of New Regulation would have recorded a net reduction in the regulatory burden on business of at least £7.0 billion per annum as a result of the regulatory changes in the period January to June 2011. Our analysis suggested that the net benefit to business would be closer to £3.3 billion per annum, meaning that only new regulation to the value of £3.3 billion per annum can be brought in or justified under 'One-in, One-out' compared to what would have been £7 billion per annum had we not been involved.

Chapter 1: The Role of the Regulatory Policy Committee

Introduction

1.1. This is our third report and builds on the findings and results from our previous reports. We review our work over the first six months of this year, explaining and discussing both our enhanced remit in the UK's new regulatory framework (Chapter 1) and how we fulfil that remit (Chapter 2). We also present and discuss our latest findings (Chapter 3), and outline our experiences with the Government's new policy of 'One-in, One-out' (Chapter 4).

The Committee

1.2. The Regulatory Policy Committee (RPC) consists of six experts on regulation from different backgrounds in business, consumers groups, trade unions and academia. See Annex A for further details on the Committee members.

1.3. Our knowledge and experience allow us to fulfil our advisory role in scrutinising the analysis and evidence supporting regulatory proposals by government departments.

1.4. The Committee is supported by a civil service secretariat.


Our role

1.5. An Impact Assessment (IA) is a tool to assess the impacts of regulatory changes on the economy. The RPC was established to provide external, independent challenge on the evidence and analysis supporting the development of new regulatory proposals.

1.6. There are four principal features of our work:

- The breadth of our remit – we review all IAs accompanying regulatory proposals submitted to the Reducing Regulation Committee (RRC)¹.
- We give our views to RRC Ministers *prior* to them making final decisions on new regulatory proposals;
- RRC Ministers have indicated that they do not expect to receive new regulatory proposals where we have considered the IA as 'Not Fit for Purpose';

¹ The Reducing Regulation Committee (RRC), a Cabinet sub-Committee, has been established to take strategic oversight of the delivery of the Government's regulatory framework. It has broad terms of reference to consider issues relating to regulation. This will include scrutinising, challenging and approving all new regulatory proposals

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- Only cost and benefit estimates validated by us are accepted by Ministers in relation to the policy of ‘One-in, One-out’.

1.7. Our role has expanded considerably since we were established in late 2009, and has developed further this year. We no longer just issue Opinions on IAs, but also validate the costs and benefits of ‘One-in, One-out’ and all measures emanating from the Red Tape Challenge.

Our scope

1.8. We have been tasked with delivering external and independent scrutiny of the analysis and evidence supporting regulatory proposals prior to them being submitted to RRC Ministers for final approval.

1.9. We do not cover all regulation. Our remit is to scrutinise IAs supporting regulations that fall with the remit of the RRC and within the scope of ‘One-in, One-out’. We do not comment on IAs supporting:

- Regulatory proposals that are produced by departments that are not subject to RRC clearance;
- Negotiation positions on European legislation;
- Regulatory proposals of regulators, such as Ofwat, Ofgem and the Financial Services Authority.

1.10. In fulfilling our remit we do not comment on underlying policy objectives – decisions on policy are a matter for Ministers – but rather we support Ministers by enabling them to make decisions based on the best possible analysis and evidence available.

Our history

1.11. The RPC was established in December 2009 and since then our work can be described in three distinct phases. More information can be found in our first two reports ‘Reviewing Regulation²’ and ‘Challenging Regulation³’.

Box 1.1: The RPC - A Brief History

Phase One – December 2009 to May 2010

The first phase of our work covered the period December 2009 – May 2010. During this period we scrutinised all IAs that were published by departments for consultation. We did this after the IA was placed in the public domain, and we had no involvement in the IA prior to this point. Of the 107 IAs we scrutinised, we published Opinions on 22 highlighting where we found major issues and weaknesses with the analysis and evidence.

Phase Two – September to December 2010

The second phase of our work between September and December 2010 involved us being engaged at a different stage of the regulatory policy-making process. From September 2010 we were asked by Ministers to make Opinions on IAs prior to them being considered by the RRC. This meant that we were now to make Opinions on IAs prior to them being made public. As a result of dealing with confidential documentation we were not able to publish the 189 Opinions that we issued to departments.

Phase Three – January 2011 to present

In late 2010, RRC Ministers said that regulatory proposals should only be submitted to them for clearance where we have said that the IA is ‘Fit for Purpose’. RRC Ministers also asked us to give them clear advice on whether we thought this was the case in our Opinions. To this end we introduced in January 2011, a Red-Amber-Green (RAG) system to rate the IAs sent to us for scrutiny; a Red flag meaning that we see the IA as ‘Not Fit for Purpose’ while Amber and Green flags indicate that we see the IA as ‘Fit for Purpose’. They have also asked us to validate the costs and benefits for all measures which fall within the current scope of the ‘One-in, One-out’ regime and all measures coming from the Red Tape Challenge.

² <http://regulatorypolicycommittee.independent.gov.uk/publication-of-first-rpc-report-reviewing-regulation>

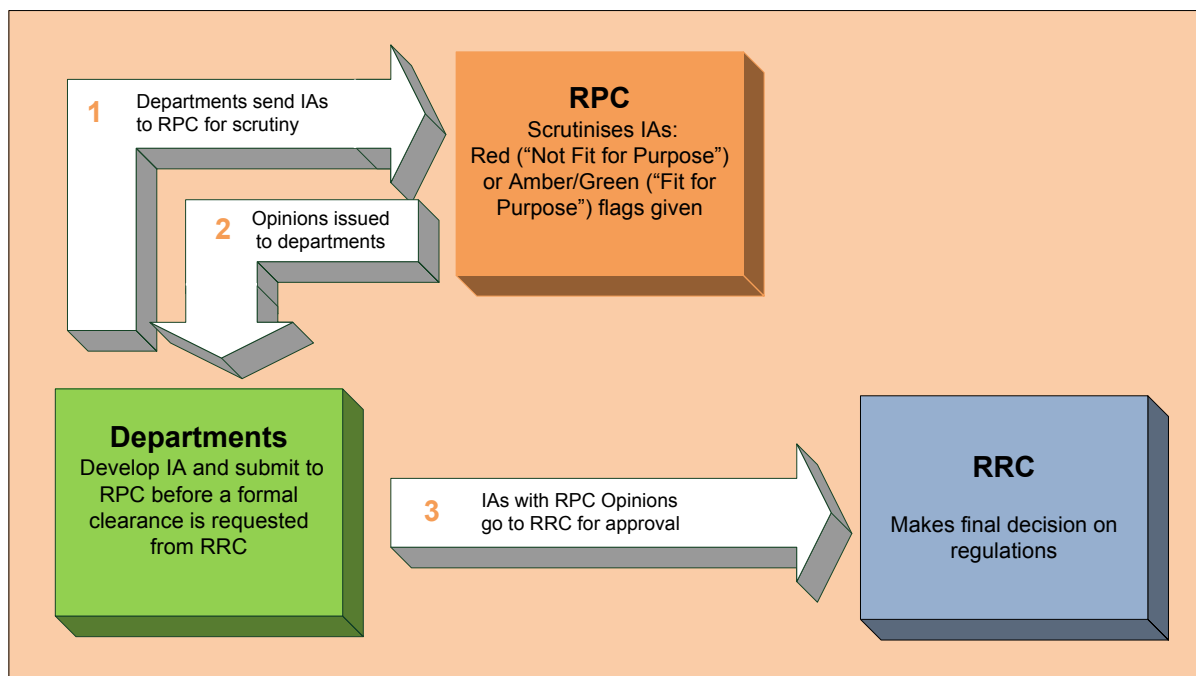
³ <http://regulatorypolicycommittee.independent.gov.uk/publication-of-second-rpc-report-challenging-regulation>

Our role in ‘One-in, One-out’

1.12. One significant recent change to the UK regulatory system has been the introduction of the ‘One-in, One-out’ rule. The aim of this rule is to control the flow of new regulation by departments and reduce the net burden imposed on business and civil society organisations.

1.13. In this context, the Government has asked us to validate the estimated costs and benefits to business of regulatory proposals. The need for external quality assurance is required for ‘One-in, One-out’ to operate effectively and we have been asked to take on this role to ensure credibility. Further details of our work in this area are set out in Chapter 4.

Figure 1.1: Summary of our role in the clearance of regulatory proposals



1.14. Our current work phase is summarised in Figure 1.1. The next chapter sets out how we deliver our current remit.

Chapter 2: Our approach to scrutinising Impact Assessments

Introduction

2.1. The previous chapter looked at our remit and how we operate within the UK regulatory framework. This chapter describes how we operate internally to deliver effective external, independent challenge. It presents our methods and the means by which we formulate our Opinions.

2.2. In producing our Opinions we are mindful of the need to be objective and consistent. As we operate during the policy-making process and prior to final decisions on regulatory proposals being made in government this puts pressure on us to ensure our work is done within a reasonable timeframe, and that our Opinions are clear and concise.

2.3. We need to ensure that we operate without compromising the independence of our work. We are an external body and we must be seen to be independent of departmental decision making for us to maintain our credibility and deliver the full benefits of external, independent challenge. We have therefore put in place a number of systems to ensure consistency, robustness and fairness in our work.


The Committee and the Secretariat

2.4. The RPC consists of the Committee and the Secretariat. The Committee comprises six members, each having knowledge and experience of regulation. The Committee is external to and independent of government. The Secretariat supports the Committee and is staffed by civil servants.

2.5. The Committee and the Secretariat work together to arrive at a considered view on each IA submitted to the RPC. Opinions are issued on behalf of the Committee by the Chairman. The Committee and Secretariat meet regularly on a formal basis and have significant levels of communication during the process of producing an Opinion.

Nine stages to produce an Opinion

2.6. In order to produce an objective and consistent Opinion, we have established a nine stage system through which each IA must pass. This ensures we optimise the use of expertise in the Committee and the Secretariat, and maximise the collective input of both of these parts. Our nine stages and how they work with respect to a particular IA are as follows:

- 
1. *Allocation of IA to Secretariat leads.* Each IA we receive is allocated to two Secretariat officials (1 policy official and 1 economist), who are given the responsibility (by the Head of the Secretariat) for guiding that particular IA through the process.
 2. *Allocation of IA to Committee lead.* A Committee member is allocated (by the Head of the Secretariat) to the same IA, and leads on overseeing the production of the Opinion.
 3. *Review of IA.* The IA is reviewed by both the Committee and Secretariat leads to make an initial assessment on its quality.
 4. *Secretariat Review of IA.* The Secretariat leads discuss this assessment with the Head of the Secretariat.
 5. *Draft Opinion.* A draft Opinion is produced by the Secretariat leads with input from the lead Committee member.
 6. *Secretariat peer review.* The draft Opinion is peer reviewed by the whole Secretariat.
 7. *Head of Secretariat clearance.* The revised draft Opinion is agreed with the Head of the Secretariat
 8. *Committee lead clearance.* The revised draft Opinion is agreed with the Committee lead.
 9. *Committee peer review and sign-off.* The Opinion is peer reviewed by the full Committee and subsequently signed off by the Chairman.
- 2.7. Only when an IA has gone through each stage and the Opinion has been agreed by the full Committee will it be issued to the relevant Minister.
- 2.8. We have systems to monitor progress such that at any point in time we know where each IA is in the process, and how long it has been in any one stage.

Six recommendations behind an Opinion

2.9. In assessing IAs we use the same documentation that departments use themselves in producing IAs. Principally this is HM Treasury's Green Book⁴, the Better Regulation Executive's (BRE's) IA guidance and toolkit⁵, and more recently the BRE's methodology for 'One-in, One-out'.

2.10. We have published two reports ('Challenging Regulation' and 'Reviewing Regulation') setting out what we expect to see in an IA that is 'Fit for Purpose'. These are our six recommendations which we apply across all the IAs we scrutinise. They provide us with the framework to make our Opinions as objective and consistent as possible.

⁴ http://www.hm-treasury.gov.uk/d/green_book_complete.pdf

⁵ <http://www.bis.gov.uk/assets/biscore/better-regulation/docs/i/11-518-impact-assessment-toolkit.pdf>

Box 2.1: Our Six Recommendations

In our first report ‘Reviewing Regulation’ we set out six recommendations, which were a consequence of our initial findings. These recommendations represented what we saw, and continue to see, as integral steps or ‘pinch points’ in the process of producing a high quality IA. These recommendations, which are fully compliant with ‘The Green Book’ and the ‘Impact Assessment Guidance’, can be seen as a distillation of the regulatory appraisal process.

Recommendation 1: Don’t presume regulation is the answer

- Has a market failure been clearly identified and is it demonstrated that government intervention is warranted?
- Have non-regulatory alternatives been fully considered and, if not, has sufficient justification been provided to explain why not?

Recommendation 2: Take time and effort to consider all the options

- Have a sufficiently wide range of options been taken forward for detailed appraisal?
- Has any viable option been ruled out of detailed appraisal without good reason?

Recommendation 3: Make sure you have substantive evidence

- Is there evidence explaining how the market currently works and how any market failure identified is causing the observed behaviour in the market?
- Have the outcomes and responses of public consultation (where appropriate) been used as evidence to inform the estimates of costs and benefits presented?
- Is there evidence that other relevant departments or other public bodies (where appropriate) have been involved in forming the estimates of impacts presented?

Recommendation 4: Produce reliable estimates of costs and benefits

- Have all the potential impacts of the regulatory proposal been identified, including any unintended consequences?
- Have all costs been valued at their opportunity costs?
- Is the time period for calculation long enough to encompass all important costs and benefits, and has the appropriate discount rate been used?
- Is it easy to see what are the most important risks and uncertainties?

Recommendation 5: Assess non-monetary impacts thoroughly

- Has the quantification and/or valuation of non-monetised impacts been undertaken in accordance with established techniques?
- Are the non-monetised impacts presented in a way that enables them to be compared across the different options in a systematic manner?

Recommendation 6: Explain and present results clearly

- Is it clear who will benefit and who will bear the cost under each option, when these costs will be incurred, and by how much?
- Does the IA reference the source of data, research and evidence used and is the robustness of each of these clearly demonstrated?



Our ‘softer’ processes

2.11. Although we have established a number of formal processes by which we formulate our Opinions, we operate in the dynamic world of policy making. Without compromising the integrity of our work we need to be flexible and adapt to rapidly changing circumstances and priorities.

2.12. We have established a number of less formal processes to maximise our effectiveness. These processes include:

Engagement with departments

- We have agreed to meet departments to discuss large-scale and/or complex regulatory proposals prior to an IA being submitted to us for scrutiny. Members of the Secretariat, usually led by the Head of the Secretariat, will attend these meetings. The Secretariat will feed back information from these meetings to the Committee.
- We are always willing to meet departments after a Red flag Opinion is issued. In this way we give the department an opportunity to discuss our Opinion, and to clear up any uncertainties. Members of the Secretariat undertake these meetings on behalf of the RPC and feed back the results to the Committee.
- Members of the Committee and Secretariat attend department events to discuss and build understanding of the work of the RPC.

Engagement with Ministers

- We meet regularly with Ministers to keep them up-to-date with our work and are ready to take into account their demands, without compromising our independence. A recent example of this is the request for us to prioritise the scrutiny of IAs supporting deregulatory measures which are now prioritised as they flow through our nine stage process. These proposals, however, are subject to the same level of scrutiny as other IAs.

Red, Amber and Green flags

2.13. The processes outlined above enable us to produce our Opinions. From the beginning of this year, each of our Opinions has been prefaced with a Red, Amber or Green flag.

Box 2.2: What it means to get a Red, Amber or Green flag from the RPC

RED – If an IA receives a Red flag, 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 six recommendations it is the failure to fully adhere to one or more of these that will lead to a Red flag being issued. We judge the IA to be ‘Not Fit for Purpose’.

AMBER – If an IA receives an Amber flag, 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. On this understanding, we judge the IA to be ‘Fit for Purpose’.

GREEN – If an IA receives a Green flag, 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. We judge the IA to be ‘Fit for Purpose’.

2.14. The next chapter details our findings with respect to our Red, Amber, and Green rating system.

Chapter 3: Our latest results

Introduction

3.1. The previous chapter outlined the processes through which we form our Opinions on Impact Assessments (IAs) that are submitted to us for scrutiny. During the last six months we have covered issues as wide ranging as nuclear energy, equality legislation, the operation of street works, and the keeping of live fish.

3.2. The output of our work is largely our Opinions. In these we say whether we think an IA is 'Fit for Purpose' or not. If we 'Red' flag an IA as 'Not Fit for Purpose' we say why and so suggest ways in which we believe it needs to be improved. If we think an IA is 'Fit for Purpose' it will fall into one of two categories – 'Amber' or 'Green'.

3.3. An Amber flag means that changes *should* be made, a Green flag that changes *could* be made to improve quality. In undertaking our work we have, from the outset, recognised that rating IAs is not, and cannot be, the simple application of a formulaic process. We use our judgement, experience and expertise to help us formulate our Opinions.

Headline results

3.4. We issued a total of 278 Opinions in the first six months of this year of which 228 were first time submissions. The analysis in this report is based on first time submissions because:

- They reflect what departments produced using their own internal systems and procedures
- They reflect what departments would have submitted to Ministers in our absence

3.5. We report that we judged 31 per cent of the IAs, for which we issued Opinions in the first six months of 2011, as 'Not Fit for Purpose'. This is a significant improvement on the results of our previous report when the comparable figure was 44 per cent.

Department figures

3.6. On 1 January 2011 we formally introduced a ‘Red, Amber and Green’ (RAG) system for rating IAs. In our last report we made a commitment to “...report in future on Departmental performance against the new RAG ratings system...”. Table 3.1 presents departmental performance against our current RAG system.

Table 3.1: Red-Amber-Green performance – January – June 2011⁶

Departments and Agencies	Number of IAs for which an Opinion was issued	Red	Amber	Green
Cabinet Office	1	0	1	0
Department for Business, Innovation and Skills	31	7	13	11
Department for Communities and Local Government	14	7	6	1
Department for Culture, Media and Sport	16	2	3	11
Department for Education	1	1	0	0
Department for Environment, Food and Rural Affairs	35	12	12	11
Department for Transport	48	14	24	10
Department for Work and Pensions	5	3	2	0
Department of Energy and Climate Change	16	3	7	6
Department of Health	13	6	5	2
Food Standards Agency	1	1	0	0
Health and Safety Executive	6	1	3	2
HM Treasury	8	2	4	2
Home Office	15	7	6	2
Ministry of Defence	1	1	0	0
Ministry of Justice	17	3	14	0
TOTAL	228	70	100	58

⁶ The Health and Safety Executive is classified as an Executive Non-departmental Public Body with Crown Status, sponsored by the Department for Work and Pensions. It has requested that its results be classified separately. The Home Office statistics include results for the Government Equalities Office and the UK Border Agency.

3.7. Our results show that there is a significant difference in the relative performance of departments, with some achieving a high proportion of ‘Green’ ratings whilst others have a relatively high proportion of ‘Red’ ratings.

The main reasons for our Red, Amber and Green flags

3.8. In our first report ‘Reviewing Regulation’ we made six recommendations based on the findings from our first period of work. The results of our second report ‘Challenging Regulation’ were also based on these recommendations. We see these recommendations as a useful guide for policymakers and specialists involved in the production of IAs. We use these recommendations in our everyday scrutiny work as a high-level guide to what we expect to see in a good quality IA.

3.9. IAs are produced at various stages of the regulatory policy-making process. Generally, over the last six months we have scrutinised IAs at two main stages – those produced for public consultation (‘consultation IAs’) and those produced following consultation to support the final regulatory proposal (‘final IAs’).

3.10. We recognise that these IAs serve different purposes and therefore place different emphasis on particular aspects of these IAs when producing our Opinions. This is reflected in our final decisions on whether that IA is ‘Fit for Purpose’ or not (see paragraphs 3.27 and 3.29 for more detail). Below we outline the reasons why we gave the Red, Amber, and Green flags in the first six months of this year.

Producing reliable estimates of costs and benefits


3.11. The principal reason we rated IAs as ‘Not Fit for Purpose’ was because they did not provide reliable estimates of the costs and benefits of the regulatory proposals being considered, including those of unintended consequences and potential risks and uncertainties.

3.12. This means that we will Red flag an IA that does not take into account all the relevant costs and benefits and we will do this at both consultation and final stage. However, we will not Red flag an IA at consultation stage because it is uncertain about the exact impacts the regulatory proposal may have.

3.13. The level of comfort we have with respect to the estimates will determine our Amber or Green flag, but we acknowledge that the consultation will inform these estimates. We will, however, Red flag a final IA if it does not clearly demonstrate that its estimates are the best that can be made following consultation, while recognising the resource constraints that departments face.

Having substantive evidence

3.14. The second main reason why we Red flag IAs is because they contain insufficient evidence to justify the conclusions reached. We will not Red flag an IA at consultation stage if the evidence is limited and the IA is actively seeking evidence from the consultation to inform



the final outcome. However, we will Red flag an IA at consultation stage if we cannot clearly see the use of any evidence to support the conclusions of that IA, or if the evidence presented is either not applicable or not representative. We may Red flag an IA at final stage if there is no difference with the evidence presented at the consultation stage and this has not been explained or justified.

3.15. We will Green flag an IA where the conclusions are clearly based on the evidence that is available. An Amber flag is more likely if the conclusions reached are partly but not obviously fully based on the evidence presented.

Considering sufficient options and alternatives

3.16. It is important to see a range of options, particularly at consultation stage (even if they do not contain detailed estimates) because this facilitates debate of the different outcomes that can result from different options⁷. Where there are a number of different plausible options, a good IA is one that presents a range of viable options and provides an assessment of these, including alternatives to regulation.

3.17. In this context we will Red flag an IA at consultation stage if it considers only the preferred option or an alternative that is either too simple a variant on the preferred option or is an unrealistic option. We will also Red flag an IA at consultation stage if it presents detailed analysis of a preferred option but gives only cursory or unjustified assessment of alternatives, including non-regulatory options.

3.18. We will not Red flag an IA at final stage for lack of options presented if the appropriate assessment of options has been carried out during the stages up to the production of the final stage IA.

3.19. We will Green flag an IA at consultation stage if the options presented appear to include all those that should be reasonably considered, and do not exclude options for unsubstantiated reasons. We are more likely to Amber flag an IA where the options presented appear to represent a reasonable range but some are given more weight in the analysis and it is not made clear why this should be the case.

Non-monetised impacts

3.20. Governments normally intervene in the market where it fails in some respect to adequately reflect the full economic and social costs and benefits of an activity, and/or where the market produces what are considered to be unfair outcomes. For these reasons, the impacts of regulation cannot always be monetised by the application of market prices or by adjustments to these market prices.

3.21. However, where it is not possible to monetise costs and benefits, an IA should provide details of the impacts in non-monetised terms.

⁷ This does not mean that we support the invention of non-viable options merely for purpose of satisfying a 'tick-box' exercise.

3.22. We will Green flag an IA if the non-monetised impacts are assessed using established techniques and frameworks⁸ so as to enable useful comparisons across options to be made readily. An Amber flag is likely if such comparisons cannot be as readily made based on the evidence provided. We will Red flag an IA if, based on the evidence provided, we cannot compare non-monetised impacts across options to enable us to discern the differences between options and where the trade-offs available are difficult to determine.

Explaining and presenting results clearly

3.23. We think it is important that an IA explains as clearly and simply as possible the options available and their potential impacts, though we recognise that there are many areas of complexity in regulatory policy decision making.

3.24. However there have been a number appear to be written for internal consumption and a number presume a significant level of knowledge on the part of the reader. Some have also contained too high a level of technical language and jargon, which impedes understanding.

3.25. We may Red flag an IA both at consultation and final stage for the above reasons. An IA must also explain sufficiently clearly who is to be affected by a regulatory proposal, to what extent, and when.

What we look for at different stages and for different types of Impact Assessments

3.26. IAs normally form part of a wider 'business case' that supports a regulatory proposal. They are published as part of the documentation for a public consultation, and as part of the package of documentation produced when Regulations are laid before in Parliament.

3.27. We explain our approach to producing Opinions in relation to four aspects of regulatory policy-making, namely:

- The stage of the process;
- The scale of the issue;
- The type of legislation;
- The source of the proposal.

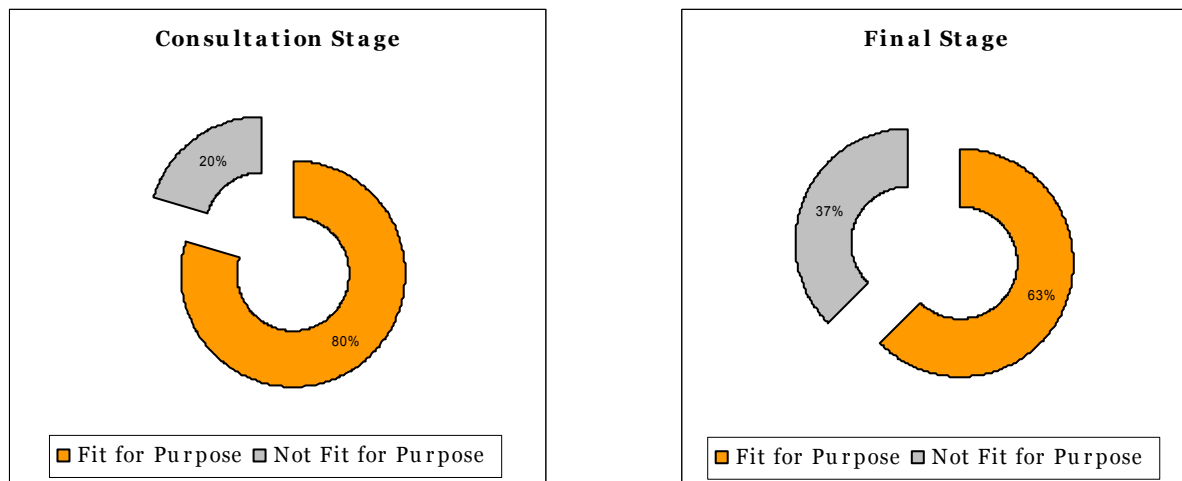
⁸ For example, the use of Appraisal Summary Tables, Scoring and Weighting, or Multi-Criteria Analysis.



The stage of the process

3.28. Figure 3.1 shows that we are more likely to Red flag an IA at final stage than at consultation stage. On average, about one in five consultation IAs receive a Red flag from us. This increases to almost two in five for final IAs.

Figure 3.1: ‘Fit for Purpose’ breakdown by the stage of the process



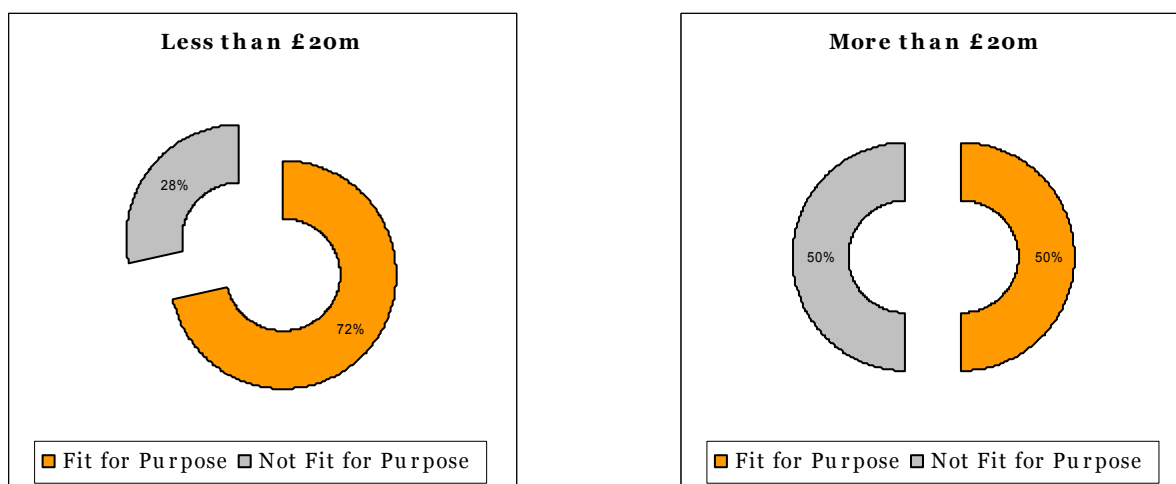
3.29. We do not expect a consultation IA to tell us the exact size of impacts, although we do expect to see the direction and full scope of likely impacts in order to enable a meaningful engagement with stakeholders.

3.30. At final stage, we are expecting more in terms of the reliability and robustness of estimated impacts. We also expect information gathered during consultation to be reflected in a final IA or, if it is not, a reasonable justification made for its omission.

The scale of the issue

3.31. Regulatory proposals vary in monetary size, as well as in complexity, and perceived importance. Figure 3.2 shows that larger proposals, in terms of annual costs being greater than £20 million, are less likely to get a ‘Fit for Purpose’ first time around.

Figure 3.2: ‘Fit for Purpose’ breakdown by the scale of the issue



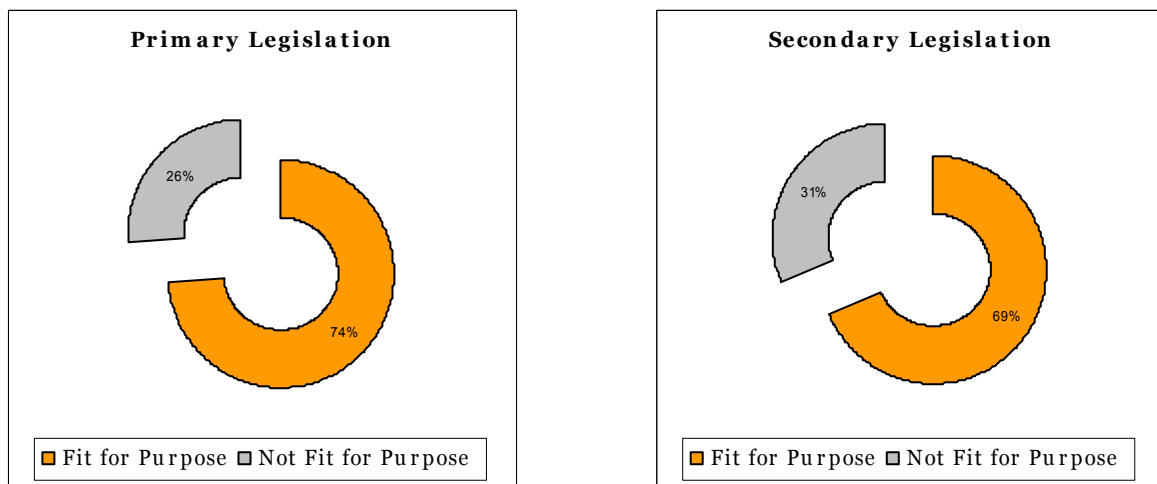
3.32. Given that larger regulatory proposals have a potentially wider impact (in terms of, for example, ‘knock-on’ effects) on the UK economy than smaller ones, we want to ensure that we have a greater level of confidence that the estimates presented for them are reliable and robust. Also departments spend more of their time and resources on larger proposals and we do so as well.

3.33. This does not mean that we presume IAs supporting small regulatory proposals are ‘Fit for Purpose’. We are aware of the cumulative effect of these proposals and so expect IAs that support them to be of sufficient quality to serve the purpose for which they are intended.

The type of legislation

3.34. We scrutinise IAs that support both primary and secondary legislation. Primary legislation generally sets the framework for the law and secondary legislation details specifics to achieve the aims of primary legislation. The majority of the IAs we deal with relate to the latter.

Figure 3.3: ‘Fit for Purpose’ breakdown by the type of proposed legislation



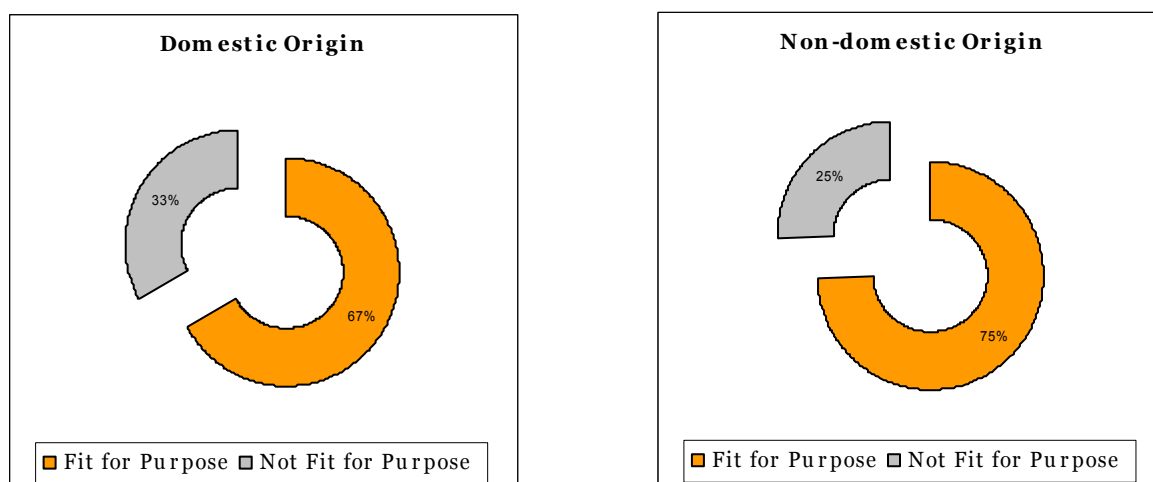
3.35. Figure 3.3 shows that we issue relatively more ‘Not Fit for Purpose’ ratings for those IAs supporting secondary legislation (around one in three against around one in four).

3.36. This is because proposals through primary legislation are not always amenable to exact assessment as the detail will be revealed in secondary legislation. We will assess the robustness of the estimated impacts when the proposed secondary legislation and supporting IA are brought forward.

The source of the proposal

3.37. A significant number of regulatory proposals have their origin outside the UK. These are largely through European Directives and Regulations. A number also originate through international commitments and obligations.

Figure 3.4: ‘Fit for Purpose’ breakdown by the source of the proposal



3.38. Figure 3.4 shows that on average we Red flagged a greater portion of IAs supporting regulatory proposals originating domestically (around one in three) than those originating from European or international obligations.

3.39. We still expect IAs produced to support regulatory proposals of European and international origin to provide a robust and reliable assessment of their costs and benefits. We expect this not least because it enables UK citizens to see how they are being affected by requirements originating overseas.

3.40. Our approach reflects our understanding that earlier EU level negotiations have considered the need for regulation and its costs and benefits to the UK. We therefore presume the case for regulation has been made and so focus our efforts in ensuring the IA accurately reflects the likely impacts.



Our new Recommendation: ‘Understand the real cost to business of regulation’

3.41. The policy of ‘One-in, One-out’ with respect to new regulation by departments has added an additional aspect to our scrutiny of regulatory proposals, which is discussed in more detail in the next chapter.

3.42. We have been tasked with ensuring that the claimed costs and benefits of regulatory and deregulatory proposals as they impact on business are both justified and realistic.

3.43. This means that we are particularly rigorous in assessing the claimed costs or benefits to business, and we do so independently of the size or nature of the regulatory proposal. This is why our new recommendation to ‘Understand the real cost to business of regulation’ has been made.

3.44. We will not Red Flag a consultation IA if it is clear in which direction the proposal is likely to take. However we will Red Flag an IA, at final stage, if it does not accurately present a robust estimate of the costs and benefits of a regulatory proposal on business. We think it is appropriate and reasonable for us to do this given the importance RRC Ministers place on our validation of OIOO estimates.

Chapter 4: Our role in ‘One-in, One-out’

Introduction

4.1. Since May 2010, the Government has made a number of significant changes to the UK’s regulatory framework. The Prime Minister has said that he wants his government to be the first administration to leave office having reduced the regulatory burden. In pursuit of this goal, the Government has introduced a suite of new measures including:

- A new cabinet sub-Committee: The Reducing Regulation Committee (RRC);
- The introduction of a ‘One-in, One-out’ (OIOO) policy for new regulation;
- The publication of a six monthly Statement of New Regulation (SoNR);
- The Red Tape Challenge.

4.2. A recent innovation in the UK regulatory environment has been the introduction of the OIOO policy. This applies to all regulatory proposals within its scope and which are to be implemented from January 2011. The policy aims to reduce the impact of regulation on business⁹, both in terms of its cost and volume, compared to a situation without OIOO.

4.3. Historically the number of regulatory measures has dominated the number of deregulatory measures. OIOO aims to rebalance this. The policy introduces a new condition for any department proposing to introduce regulation. In its simplest form this rule says that any new regulatory cost on business (introduced by a department) must be offset by cuts to the cost of existing regulation on business.

4.4. The policy is also intended to contribute to changing what is perceived as a ‘culture of regulation’ in Whitehall, by revealing the ‘real’ costs of regulation and so encouraging the delivery of alternatives. It is beneficial to business because now regulatory ‘OUTs’ compensate for regulatory ‘INs’.

⁹ When this report uses the term ‘business’ in the context of OIOO, it should be taken to refer to both business and civil society organisations.

Box 4.1: What is ‘One-in, One-out’ and what is the ‘Red Tape Challenge’

OIOO means for all measures that fall within its scope, “... *no new primary or secondary UK legislation which imposes costs on business or civil society organisations can be brought in without the identification of existing regulations with an equivalent value that can be removed*”. In practice if a department wishes to introduce regulation (an ‘IN’) that has a cost on business, it must, through either removing or amending existing regulation (an ‘OUT’), produce a benefit of at least equal value to business.

OIOO should not be confused with the Red Tape Challenge. The Red Tape Challenge is an initiative to encourage the private sector to help identify existing regulations that they believe should be removed from, or amended on, the statute book. All regulations affecting a certain industry are published on the Cabinet Office website and stakeholders are invited to give their views on which regulations could or should be removed.

The Red Tape Challenge focuses on identifying proposals from the current *stock* of regulation whereas OIOO focuses on the current *flow* being produced by departments. Where the Red Tape Challenge identifies existing regulations for removal or simplification these are likely to be used by departments as ‘OUTs’ for the purposes of OIOO.

Our ‘One-in, One-out’ responsibilities

4.5. In September 2010, we were asked by RRC Ministers to perform a specific role with respect to the implementation of OIOO. The key features of our role are to Provide quality assurance that the costs and benefits of both new regulatory and deregulatory proposals are credible, robust and proportionate.

4.6. We are specifically responsible for:

- Validating that a department has correctly recognised the direction of its regulatory proposal (as a regulatory or deregulatory measure) in terms of either producing an ‘IN’ or an ‘OUT’;
- Validating that the size of the ‘IN’ or ‘OUT’ being claimed is robust and credible and has been calculated in accordance with the prevailing OIOO methodology;
- If the Department is claiming that its proposal is ‘out of scope’ of OIOO, that this is consistent with the prevailing OIOO methodology.

4.7. We are not responsible¹⁰ for:

- Deciding what is defined as an ‘IN’ or an ‘OUT’;
- Defining what is in or out of scope of OIOO, including which organisations and which proposals;
- Determining how ‘INs’ and ‘OUTs’ are actually recorded;
- Determining when a compensating ‘OUT’ needs to be recognised or when an ‘IN’ can or should be introduced;
- Enforcing the OIOO rule;
- Producing the OIOO methodology and guidance.

Box 4.2: What is an ‘IN’ and what is an ‘OUT’

The defining of ‘INs’ and ‘OUTs’ is not always straightforward and sometimes care is needed to get it right. One of the most important aspects of OIOO is that it requires the recognition that there is an additional implication from bringing forward an ‘IN’ or an ‘OUT’. It means that an ‘IN’ requires an ‘OUT’ and when an ‘OUT’ is introduced it enables the introduction of an ‘IN’.

Below are hypothetical examples of an ‘IN’ and an ‘OUT’.

Example of an ‘IN’

A new regulation reduces the number of hours that certain shops can stay open. The IA estimates the cost to be £150 million per annum. This proposal would be considered as an ‘IN’ and, providing this is shown to be robust, the department would need to find an ‘OUT’ with a benefit of £150 million to compensate for this new regulation.

Example of an ‘OUT’

An existing regulation that limits the size of lorries allowed on the roads is repealed. This simplification produces a benefit estimated at £100 million per annum. Once the estimate has been shown to be robust, the department has found an ‘OUT’ of £100 million per annum.

¹⁰ These are the responsibility of the RRC and the Better Regulation Executive (BRE).



How we fulfil our responsibilities

4.8. As a result of us being asked by RRC Ministers to provide quality assurance of the potential impacts of regulatory proposals being claimed by departments, we have made a number of changes to the way we operate. The most significant of these has been the need for us to devote more resource to the validation of estimates of costs and benefits to business. In particular, this has required us to research and replicate the accuracy of cost and benefit claims.

4.9. ‘INs’ that are reported by departments need to represent, as reliably as possible, the ‘real’ cost to business. Claimed ‘OUTs’ should not be overestimated, otherwise business will potentially be exposed to future regulatory burdens that are greater in value to that which are really being removed.

4.10. To allow us to fulfil our responsibilities, we have worked closely with officials in the Better Regulation Executive (BRE), who are responsible for producing the OIOO methodology.

4.11. We have also adapted our Opinion template so as to offer a specific and clear view on the robustness of OIOO estimates for RRC Ministers.

4.12. In line with our new recommendation ‘Understand the real cost to business of regulation’, we will Red Flag an IA at final stage if it does not accurately present a robust estimate of the costs and benefits of a regulatory proposal on business. We think it is appropriate and reasonable for us to take this view given the importance RRC Ministers place on our validation of OIOO estimates. However, at consultation stage we will not Red Flag an IA if it is clear in which direction the proposal is likely to take in terms of it being either an ‘IN’ or an ‘OUT’.

Our role in the Statement of New Regulation

4.13. In addition to the significant impact that OIOO has had on our day-to-day work, we have been asked by RRC Ministers to review and validate all the measures that are included in the Government’s six monthly Statement of New Regulation (SoNR). The first SoNR¹¹, published in April 2011, provides “...an overview of all the regulations implemented or planned to be implemented by government departments in the period between 1 January 2011 and 30 June 2011”. It presents the net effect on business of all planned regulatory proposals over this period¹².

4.14. The introduction of OIOO has increased the importance of the costs and benefits to business being accurately calculated because, for example, a department has found an ‘OUT’, will be able to bring in regulation to an equivalent amount. Therefore, if an ‘OUT’ is

¹¹ The SoNR does not contain all regulatory measures that could be introduced and a full list of exemptions can be found in the ‘One-in, One-out; Statement of New Regulation’

¹² The exceptions are the proposals for the Home Office regarding the measures for Tier 1, 2 and 4 Immigration.

overestimated, business may be exposed to greater regulatory burden in the future than it has had removed from it today. Likewise, if an 'IN' is underestimated, business will receive a smaller benefit in the future to compensate for the burden today. Box 4.3. presents an account of our role in the first SoNR.

Box 4.3: Our input into the first Statement of New Regulation, April 2011

We were asked to scrutinise and validate the estimated impacts to business that would result from the regulatory proposals being brought forward by departments for the Government's first SoNR. This involved analysing over 70 regulatory proposals to determine whether the claimed costs and benefits were appropriately and robustly recorded.

We reviewed the analysis and evidence, and where appropriate engaged with officials, and came to a conclusion on whether the estimated impacts had been accurately presented. In the vast majority of cases, proposals where the estimated costs and benefits to business were not validated as being robust were excluded from the SoNR.

What effect did we have on the first SoNR?

We questioned departments' estimates of the costs and benefits to business that would result from the proposals they were bringing forward. In these instances, where we felt that they were not an accurate reflection of the likely impacts, we were asked to present estimates that we believed more accurately reflected the potential impacts.

Before concluding that we could not agree with the claimed estimates of costs and benefits, we engaged in detailed discussions with the relevant departments to try to understand how they had arrived at their original estimates. In some instances, we met with departments on more than one occasion to discuss a single proposal. Some of these meetings resulted in us validating the figures presented, the meetings facilitating a greater understanding and increasing our confidence in validation. When, however, these meetings did not resolve our concerns, we applied our own expertise to offer estimates we believed to be more robust and accurate given the analysis and evidence presented to us. It is these estimates that Ministers accepted and have been recorded in the SoNR and it is these that will be used for the purposes of OIOO.

Of all the proposals that were retained in the SoNR, approximately 20 per cent were validated on the basis of a different estimate compared to the original estimates put forward by the department. The levels of costs and benefits varied significantly between proposals, as did the degree of difference between the figures originally presented and the estimates we validated. Table 4.1 presents the impact we had on the published SoNR.

Table 4.1: The impact of our involvement as published in the Statement of New Regulation, April 2011

Value of claimed 'OUTs' - Potential ability of departments to bring in future 'INs'	RPC validated value of 'OUTs'; Actual ability of departments to bring in future 'INs'	Net change in value of 'OUTs'
£7.0 billion per annum	£3.3 billion per annum	- £3.7 billion per annum

This £3.7 billion figure is a minimum estimate of our overall impact because it reflects the difference in estimates *published* in the SoNR between us and departments. This relates to the impact of the change from RPI to CPI for the uprating of private pensions.

There are also other differences between our validations and departments' estimates that were presented to us. Unlike the RPI to CPI estimates, these estimates are not published in the SoNR. This means that it is not possible for us to present here the level of difference between our validations and the estimates of departments but this was in the region of £30 million per annum for both 'INs' and 'OUTs'.

In the absence of our involvement, the April 2011 SoNR would have recorded a net reduction in the regulatory burden on business of at least £7.0 billion per annum as a result of the regulatory changes in the period January to June 2011. Our analysis suggested that the net benefit to business would be closer to £3.3 billion per annum. This means that only new regulation to the value of £3.3 billion per annum can be brought in or justified under OIOO compared to what would have been £7 billion per annum had we not been involved.

4.15. Following this involvement, we have been asked to scrutinise and validate the next SoNR. We are pleased that Ministers consider our role to be important in terms of providing independent and external scrutiny in bringing added credibility to the policy.

Next steps

4.16. OIOO is a policy that will take time to have full effect. It is too early to conclude whether a 'culture change' has been achieved, but we can say that we have seen evidence of OIOO resulting in departments thinking about the implications of bringing forward regulatory proposals. In the absence of an alternative constraint, OIOO seems to us to provide an element of discipline to those who want to bring in regulation on business.

4.17. In our next report we will detail our continuing work in OIOO, highlighting our further experiences, including any specific issues that arise.

Members of the Regulatory Policy Committee

Michael J. S. Gibbons OBE (Chair)



- Formerly Director of Powergen (MD of Powergen's gas business).
- In 2007 he completed a Review (the Gibbons Review) of Employment Dispute Resolution for the DTI.
- Appointed by European Commission to the High Level Advisory Group on Administrative burdens in February 2008 (Stoiber Group).
- Chairman of UK National Committee of World Energy Council.
- Director of 2Co Power (Yorkshire) Ltd and the Carbon Capture and Storage Association.
- Director of the British Management Data Foundation Ltd
- Sits on the Advisory Board of Ocean Power Technologies Inc.
- Awarded an OBE for services to regulatory reform in the New Year Honours List 2008.

Sarah Veale CBE



- Head of the Equality and Employment Rights Department at the TUC, where she has worked since 1985.
- Formerly Senior Employment Rights Officer, in which role she was responsible for the development of TUC policy on employment law.
- Member of the ACAS Council, the BIS Employee Engagement Task Group and the Executive of the Involvement and Participation Association.
- Member of the Review Team for the current Lofstedt Review of Health and Safety regulation.
- Previously a member of the Risk and Regulation Advisory Council and the Better Regulation Commission.
- Awarded the CBE for services to diversity in the Queen's Birthday Honours List in June 2006.



Mark Boleat



- Chairman of the Jersey Competition Regulatory Authority.
- Deputy Chairman of the Policy and Resources Committee of the City of London.
- Chairman of Quant Capital Partners, UK Social Data Services Ltd and Kingston Smith Association Management.
- Owner of Boleat Consulting, a consultancy business specialising in trade association strategy and management, regulation, consumer policy and housing finance.
- Former Director General of the Association of British Insurers, Building Societies Association and Council of Mortgage Lenders.

Philip Cullum



- Deputy Chief Executive of Consumer Focus, the independent statutory champion for consumers.
- Previously Deputy Chief Executive of the National Consumer Council.
- Worked for Accenture, Opinion Leader Research and Which?
- Formerly Chair of the Food Standards Agency's advisory committee for consumer engagement and a member of the Risk and Regulation Advisory Council

David Parker



- Emeritus Economics Professor of Cranfield School of Management having been Dean of the Faculty of Management from November 2007 to September 2009.
- Associate of Public Administration International and consultant on competition and regulation internationally
- Member of the UK Competition Commission between 1999 and 2007.
- Areas of expertise: privatisation, regulation and competition issues.

Ian Peters



- Chief Executive of the Chartered Institute of Internal Auditors since June 2009.
- Previously Director of External Affairs at the Engineering Employers Federation (EEF) from 2001.
- Prior to that he was Deputy Director General of the British Chambers of Commerce with specific responsibility for policy, lobbying and communications.
- Formerly worked for the CBI and in public relations for the international PR agency Burson-Marsteller.

Secretariat

The Regulatory Policy Committee is supported by a small civil service secretariat of economists and policy officials. During the period covered by this report, the following civil servants were members of the RPC secretariat;

Tony Pedrotti
Irene Ball
Daniel Cartridge
Benjamin Copley
Swarajit Das
Sumit Dey-Chowdhury
Giles Hall
Alistair Love
Trevor Reid
Matthew Short
Wayne Simmonds
Bagrat Tunyan

Annex B

Opinions issued by the Regulatory Policy Committee, January – June 2011

Detailed below is a list of all IAs on which RPC Opinions were issued during the period January-June 2011 with the accompanying RAG rating. Some regulatory measures appear twice in this list, which indicates that we issued an Opinion at both the consultation and final stage.

Of the unique IAs that we have scrutinised in the first six months of 2011, we have not published details on a small number of IAs as these have not yet been publicly announced and have therefore been treated as confidential as requested by departments. Details on these excluded measures will be included in our next report.

There are a number of measures where it does not appear to have received a 'Fit for Purpose' rating from the RPC. There are a number of possible reasons for this:

- A department has proceeded without an 'Fit for Purpose' rating – in such instances, these Opinions can be found on our website;
- A department has decided to withdraw a regulatory proposal so no clearance from the RRC is required;
- A resubmission of that IA has not yet been received;
- A resubmission of that IA has been received but we had not issued an Opinion by June 30 2011.

* indicates that earlier submissions of these IAs also received an Opinion before January 1 2011, details of which are not included here.

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
BIS	Amending the criteria for debtors' property in relation to an application for a Debt Relief Order	F	A		
BIS	Amendment of National Minimum Wage regulations to cover changes in accommodation offset rules	F	A		
BIS	Annual Returns to Companies House	C	A		
BIS	Annual Returns to Companies House	F	G		
BIS	Changes to petition deposits in bankruptcy and compulsory liquidation	F	A		
BIS	Reforms to the regulation of insolvency practitioners	C	A		
BIS	Setting a limit on the value of claims to be heard in the Patents County Court	F	A		
BIS	Consumer Landscape Review	C	R	G	
BIS	Delivery of options for functions of Local Better Regulation Office	C	A		
BIS	Extending the Primary Authority Scheme	C	G		
BIS	Extending the right to request flexible working to all*	C	A		
BIS	Recast of the Restriction of Hazardous Substances (RoHS) Directive	F	G		
BIS	Groceries Code Adjudicator Bill	F	G		
BIS	Growth, Competition and the Competition Regime: possible reform	C	A		
BIS	Hallmarking (International Convention) (Amendment) Order 2010	F	G		
BIS	Higher Education White Paper	C	A		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
BIS	Improving confidence in pre-packaged administrations	F	R	A	
BIS	Narrative Reporting	C	G		
BIS	Patents Act to provide for online patent document inspection	F	R		
BIS	Pesticides Amendment to the Machinery Directive	F	A		
BIS	Proposals to Revise the Toys (Safety) Regulations 1995	F	G		
BIS	Reducing state inspection burdens	C	G		
BIS	Repeal: Requirement for Overseas Companies to register charges over UK property	F	A		
BIS	Revision of the Scheme for Construction Contracts Regulations 1998 Construction Contracts (England) Exclusion Order 2011	F	A		
BIS	Sunset reviews of regulatory bodies	C	A		
BIS	The Companies (Reporting Requirements in Mergers and Divisions) Regulations 2011	F	R	G	
BIS	Weights and Measures (Specified Quantities) (Unwrapped Bread and Intoxicating Liquor) Order	F	G		
BIS	Withdrawal of Insolvency Services Account for voluntary liquidations	F	G		
CLG	Changing or revoking a Development Consent Order for nationally significant infrastructure (Planning Act 2008)	F	R	A	
CLG	Energy Performance of Buildings Directive - Air Conditioning	F	R	A	
CLG	Energy Performance of Buildings Directive - Compliance and Enforcement	F	R	G	

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
CLG	Leasehold Amendments following Increases in Assured Tenancy Limits	C	A		
CLG	Proposal to consolidate and amend the Town and Country Planning (Environ. IA) Regulations 1999 (as amended)	F	R	A	
CLG	Relaxation of planning rules for change of use from business to residential	C	A		
CLG	Removing inconsistency in local fire protection standards	F	G		
CLG	The Building (Amendment) Regulations 2011: Competent Person Schemes	F	R	G	
CLG	Withdrawal and replacement of Circular 01/2006 (Planning for Gypsy and Traveller Caravan Sites) and Circular 02/2007	C	R	G	
CLG	Zero Carbon Homes	C	A		
CO	The Civil Contingencies Act 2004 (Contingency Planning) (Amendment) Regulations 2012	F	A		
DCMS	2012 Diamond Jubilee Extra Bank Holiday	F	G		
DCMS	Amendments to the London Olympic Games and Paralympic Games Act 2006 Advertising and Street Trading Powers*	F	G		
DCMS	EU E-Privacy Directive Annex 1: Internet Cookies	F	G		
DCMS	EU Framework Directive Annex 1: Spectrum	F	G		
DCMS	EU Framework Directive Annex 2: Infrastructure Sharing	F	G		
DCMS	EU Framework Directive Annex 3: Security and Resilience	F	G		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
DCMS	Gambling Act 2005: Category B3 Gaming Machines	F	A		
DCMS	The Revised EU Electronic Communications Framework - Universal Services Directive	F	G		
DCMS	The Revised EU Electronic Communications Framework	F	G		
DCMS	The Revised EU Electronic Communications Framework - Access Directive	F	G		
DCMS	The Revised EU Electronic Communications Framework - Appeals	F	R	G	
DCMS	The Revised EU Electronic Communications Framework - E-Privacy Directive	F	G		
DCMS	The Revised EU Electronic Communications Framework - Framework Directive	F	G		
DCMS	The Revised EU Electronic Communications Framework -Authorisation Directive	F	G		
DCMS	Regulations about advertising activity and trading in open public places during the Olympic and Paralympic Games 2012	C	A		
DCMS	Remote Gambling Regulation	F	A		
DCMS	The proposal to exempt live music from the provisions of the Licensing Act 2003	F	R	A	
DECC	Amendment to Second Stage Transposition of EU Legislation to include Aviation in the European Union Emission Trading System	F	A		
DECC	Compulsory purchase powers for the change of use of existing gas pipelines	F	A		
DECC	Raising the threshold for energy supplier participation in social and environmental programmes	F	G		
DECC	Emissions Performance Standard	F	R		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
DECC	Discretionary power to remove obligations to decommission offshore oil & gas facilities when re-used for carbon dioxide storage	F	A		
DECC	Exclusion of consumer electronics and appliances from the Carbon Emissions Reduction Target (CERT)	F	R	G	
DECC	Gas licence exemptions	F	A		
DECC	Government Strategy and Policy Statement for the gas and electricity markets	F	G		
DECC	Fourth Carbon Budget Level	F	A		
DECC	Regulating security in the construction phase of new build nuclear power stations	F	A		
DECC	Review of the Exemption Orders under the Radioactive Substances Act 1993	F	R	G	
DECC	Section A.1 allocation of liability for default on G Deal change (Adden. to Energy Bill IA)	F	A		
DECC	Setting the limit on the use of international carbon units for the second carbon budget period (2013-2017)	F	G		
DECC	The Storage of Carbon Dioxide (Inspections) Regulations 2011	F	G		
DECC	The Implementation of the Nuclear Safety Directive	F	G		
DECC	The Storage of Carbon Dioxide (Termination of Licences) Regulations 2011	F	G		
DEFRA	A Low Emissions Zone framework for inclusion in the Time Extension Notification for compliance with EU limit value for NO ₂	C	R	A	
DEFRA	Amendments to the Environmental Permitting (England and Wales) Regulations 2010	F	A		
DEFRA	Assessment of the impacts of commencing sections 14, 19 and 21 of the Flood and Water Management Act 2010	F	A		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
DEFRA	Change to BSE Testing of cattle slaughter for human consumption	C	G		
DEFRA	Commencement of the Flood and Water Management Act 2010, Schedule 3 for Sustainable Drainage	C	R		
DEFRA	Conservation and Amateur Vegetable Varieties Directive 2009/145/EC	F	A		
DEFRA	Cost Recovery for Marine and Coastal Access Act 2009 Environmental Licensing	F	G		
DEFRA	Dogger Bank Special Area of Conservation	F	G		
DEFRA	EU Directive to limit Petrol Vapour Emissions from Fuelling of Service Stations	F	R		
DEFRA	Flood and Water Management Act 2010: Commencing Schedule 4 on reservoir safety	F	G		
DEFRA	FWMA 2010 Sustainable Development Duty and Guidance	F	G		
DEFRA	GB Regulations enforcing EC Regulation 1005/2009 on substances that deplete the ozone layer	F	G		
DEFRA	Government Guidance to the date of marking of food	F	A		
DEFRA	Guidance under s7(6) of the Flood and Water Management Act 2010 - Co-operation and sharing of information	F	G		
DEFRA	Hazardous Waste National Policy Statement	C	A		
DEFRA	Domestic legislation implementing directly applicable EU Legislation: The Animal By-Products Regulation (EC) No. 1069/2009	F	R	A	
DEFRA	Transposition of the Revised Waste Framework Directive (2008/98/EC)*	F	A		
DEFRA	Implementation of E-Reporting for Pigs	C	G		
DEFRA	Interim Amendments to WASK	C	A		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
DEFRA	Localism Bill: Removal of council charge-and reward powers for waste Ruction under Climate Change Act	F	A		
DEFRA	Making an Order under Section 14 of the Planning Act 2008	C	A		
DEFRA	Marine Policy Statement	F	G		
DEFRA	Non-owner occupier liability for water bill payment	C	A		
DEFRA	Offsetting the Impact of Development on Biodiversity	C	R	G	
DEFRA	Options for Company GHG reporting	C	R	A	
DEFRA	Orders under sections 38(8) and 39(12) of the Flood and Water Management Act (incidental flooding and erosion)	F	G		
DEFRA	Overview and Scrutiny of Flood Risk Management Authorities	F	A		
DEFRA	Plant Protection Products: Enforcement Regulations and Fees Regulations	F	R		
DEFRA	Reducing the Threshold for Water Competition in England from 50 megalitres (Ml) and 5 Ml	F	R	G	
DEFRA	Reform of Fisheries Management Arrangements - England	C	A		
DEFRA	Review of Schedule 2 of the Controlled Waste Regulations 1992	F	R	A	
DEFRA	Review of Waste Policies	C	G		
DEFRA	The Diseases of Animals Approval for Disinfectants	F	R	G	
DEFRA	The Fruit Juices and Fruit Nectars (England)(Amendment) Regulations 2011	F	A		
DEFRA	Mandatory adoption & minimum standards for gravity foul sewers & lateral drains	C	R		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
DEFRA	Transfer of private Sewers and lateral drains to statutory water and sewerage companies	F	R	A	
DfE	Early Years Foundation Stage Review	C	R	G	
DfT	5 year administrative renewal & medical compliance for drivers of medium and large vehicles at licence renewal	F	R		
DfT	Administrative Reform of the National Bus Concession in England	F	R		
DfT	Airport Charges Directive	F	G		
DfT	Carriage of Dangerous Goods: Approved Derogations and Transitional Provisions	C	G		
DfT	Concessionary Travel Reimbursement Regulations	F	A		
DfT	Dartford/Thurrock River Crossing Revised Charging Regime	C	R	R	
DfT	Equality Act 2010 - Taxi Exemption Notice Regulations	F	G		
DfT	Equality Act 2010: Commencement of sections 165 & 167 - drivers' duties	F	A		
DfT	Equality Act 2010: Statutory Guidance - Lists of Designated Vehicles	F	R		
DfT	Exchanges of Driving Licences - Improving Road Safety	C	R		
DfT	Funding National Register of licensed operators of goods vehicles, buses & coaches	C	G		
DfT	Future of the Vehicle Identity Check Scheme	C	A		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
DfT	European Directives on the maintenance of railway vehicles and the improvement of data quality of accidents	F	G		
DfT	Longer Semi-Trailers	C	A		
DfT	M4 motorway junctions 19 to 20 & M5 motorway junctions 15 to 17 (Almondsbury interchange)	C	A		
DfT	Third EU Directive on driving licences	F	R		
DfT	A requirement for 'acquire rights' drivers to exchange their old style (paper) licence for a photocard licence without periodic training	F	A		
DfT	Local Transport Act: Increasing the efficiency and effectiveness of the TC system	F	R	R	G
DfT	Lorry, bus and coach examination fees - location differentiation	C	R	G	
DfT	M1 Junctions 10 to 13 Improvements (Managed Motorway HSR Scheme)	C	A		
DfT	M62 Junctions 25 to 30 Managed Motorway Scheme	C	A		
DfT	Making 'historic' drivers' hours offences subject to fixed penalty notices and financial penalty deposit requirements.	C	G		
DfT	Merchant Shipping (International Safety Management Code) Regulations 20XX	C	A		
DfT	Merchant Shipping (Maritime Labour Convention)(Medical Care) Regulations	C	A		
DfT	Merchant Shipping (Maritime Labour Convention)(Repatriation) Regulations	C	A		
DfT	Merchant Shipping (Maritime Labour Convention)(Shipowner Liability) Regulations	C	A		
DfT	Merchant Shipping (Port State Control) Regulations	C	A		
DfT	Merchant Shipping(Maritime Labour Convention)(Crew Accommodation) Regulations	C	A		


Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
DfT	Olympic and Paralympic transport - Olympics Bill provisions on civil enforcement and traffic regulation*	F	G		
DfT	Olympic Route Network Designation Amendment Order 2011	F	G		
DfT	Proposal to introduce keeper liability for parking charges on private land	F	A		
DfT	Proposed Amendment to the Fees Charged by Approved Tachograph Centres	F	R		
DfT	Real Total Mass Implementation	C	R		
DfT	Reforming the Air Travel Organisers' Licensing (ATOL) Scheme	C	A		
DfT	Restructuring of fees for applications for bus and coach operator licences	C	A		
DfT	Revised administrative validity of driving licences (drivers and small vehicles)	F	A		
DfT	Street Works (Charges for Unreasonably Prolonged Occupation of the Highway) (England) Regulations 2011	F	R		
DfT	Street Works Lane Rental*	C	G		
DfT	Air Navigation(Amendment) Order 2011	C	A		
DfT	The Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2009: Proposed amendment	C	G		
DfT	The Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2009: Proposed amendment	F	G		
DfT	The Cleaner Road Transport Vehicles Regulations 2011	F	R		
DfT	The Community Drivers' Hours (Volunteer Reserve Forces) Regulations 2011*	F	R		
DfT	The Equality Act 2010 (Application of Part 5 to Seafarers) Regulations 2011	F	A		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
DfT	The Merchant Shipping (Maritime Labour Convention)(Food & catering) Regulations	C	A		
DfT	The Merchant Shipping (Prevention of Pollution from Noxious Liquid Substances In Bulk) Regulations 2011	C	G		
DfT	The Merchant Shipping (Vessel Traffic Monitoring and Reporting Requirements) (Amendment) Regulations 2011	C	A		
DfT	The Non-Road Mobile Machinery (Emission of Gaseous and Particulate Pollutants) (Amendment) Regulations 2011	F	A		
DfT	The Port Security (Port of Dover) Designation Order 2011	F	R		
DfT	The Traffic Signs (Amendment) Regulations and General Directions 2011	F	A		
DH	Consolidation of UK medicines legislation	C	G		
DH	Proposed changes to regulations for Care Quality Commission registration	C	A		
DH	GP Commissioning & NHS Commissioning Board	F	R	R	
DH	Healthwatch	F	A		
DH	Increasing Local Democratic Legitimacy in Health	F	A		
DH	Medical X-ray CT Scanning of Asymptomatic individuals	F	A		
DH	Pharmacy proposals - Repeal of Section 10(7) of the Medicines Act	F	R		
DH	Provision-provider liberalisation, economic regulation and joint licensing	F	R	A	
DH	Public Health elements of the Health Bill	F	A		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
DH	Recognition of pharmacist qualifications awarded in the EEA and Switzerland: removing the "3-year rule" from pharmacies	F	G		
DH	The Department of Health's Public Bodies	F	R	R	
DWP	Abolition of Contracting-out for defined contribution pension schemes	F	R	A	
DWP	The Occupational Pensions Schemes (Employer Debt) Regulations 2011	C	R	G	
DWP	Workplace pension reform: seafarers, offshore workers; and removing the stakeholder designation requirement	C	A		
DWP	Workplace Pension Reform: Waiting Period Notice	C	A		
FSA	Bisphenol A: The Plastic Materials and Articles in Contact with Food (England) (Amendment) Regulations 2011	F	R		
GEO	Civil Partnerships on religious premises	C	A		
GEO	Legislative measures to promote equal pay*	C	G		
GEO	Reform of Equality & Human Rights Commission	C	R	A	
HMT	Transposition of the Recast Undertakings for Collective Investments in Transferable Securities (UCITS IV) Directive 2009	F	G		
HMT	Consumer Insurance (Disclosure and representation)	F	A		

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
HMT	Electronic Communications in the Mutual Sector	F	A		
HMT	E-Money Regulations*	F	A		
HMT	Proposals for Credit Unions in Northern Ireland	F	R	R	
HMT	Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011	F	R		
HMT	Revising the Money Laundering Regulations 2007	C	A		
HMT	The Investment Bank Special Administration Rules 2011 (England and Wales) and (Scotland)	F	G		
HMT	UK implementation regulations making amendments to the EU Prospectus Directive (early implementation measures)	C	A		
HO	Reform of the Points Based Student (PBS) Immigration System	F	R	A	
HO	Changes to Tier 5 of the Points Based System, Other non-PBS routes, Dependents of Tier 1 & 2 migrants and Settlement rules	C	R		
HO	Proposed Changes to the Vetting and Barring Scheme and Criminal Records Regime	F	G		
HO	Implementation of Authority-to-carry Scheme under Section 124 of Nationality, Immigration and Asylum Act 2002	C	A		
HO	Reform of Family Migration Routes	C	A		
HO	Reform of Vehicle Immobilisation	F	R		
HO	Reviewing offenders subject to indefinite notification requirements (Part 2 of Sexual Offences Act 2003)	F	A		
HO	The Immigration & Nationality (Cost Recovery Fees) Regulations 2011	F	R	A	

Dept.	Title of the Impact Assessment	Stage	Red-Amber-Green		
			1 st	2 nd	3 rd
HO	The Immigration & Nationality (Fees) Regulations 2011	F	R	A	
HO	The Police Act 1996 (Equipment) Regulations 2010 and the Police Act 1996 (Services) Regulations 2010	F	A		
HO	European Regulation for the Marketing and Use of Explosives Precursors	C	G		
HO	European Directive 2010/63 on protection of animals used for scientific purposes	C	A		
HSE	3rd Indicative Occupational Exposure Limit Values Directive	C	G		
HSE	Removal of a form certifying the safety of a vessel to transport a person by water (Docks Regulation)	F	R		
HSE	Implementing Lord Young's Recommendation to Amend RIDDOR Regulation 3(2)	C	A		
HSE	Legislative Reform Order to extend the legal powers conferred by Section 1(1) of the Health and Safety at Work etc Act 1974	F	G		
HSE	Proposed Replacement of the Health and Safety (Fees) Regulations 2010	C	A		
HSE	The Removal of the Adventure Activity Licensing Regime	C	A		
MoD	Transposition of the EU Defence and Security Directive into UK Regulations	F	R		
MoJ	A Single County Court for England and Wales and the deployment of High Court Judiciary to the County Courts	C	A		
MoJ	Alternative Dispute Resolution proposals for civil cases	C	A		



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			1 st	2 nd	3 rd
MoJ	Cumulative Jackson Proposals	F	R	A	
MoJ	Draft Defamation Bill	C	A		
MoJ	Extending the Freedom of Information Act to the ACPO, FOS and UCAS	F	R	A	
MoJ	Extension of the system for dealing with low value Road Traffic Accident (RTA) Personal Injury (PI) Claims	C	A		
MoJ	Whether to introduce information requests and orders	C	A		
MoJ	European Regulation 4/2009 - jurisdiction, applicable law, recognition and enforcement of decisions maintenance obligations	F	A		
MoJ	Increases to Civil, Family and Non-Contentious Probate Court Fees	F	A		
MoJ	Increasing Public Guardian Fees	C	A		
MoJ	Pre-action Dispute Management	C	A		
MoJ	Proposed reforms to attachment of earnings	C	A		
MoJ	Proposed reforms to charging orders	C	A		
MoJ	Proposed reforms to third party debt orders	C	A		
MoJ	Reforming civil jurisdiction limits	C	A		
MoJ	Whether a minimum limit should be imposed on Order for Sale applications in relation to Consumer Credit Act debts only	C	A		

Annex C

Contacting the Regulatory Policy Committee

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