

Regulatory Policy Committee - meeting minutes

Monday 16 June 2014
1 Victoria Street, London

Present: Michael Gibbons (Chairman), Alex Ehmann, Jeremy Mayhew, Ian Peters, Martin Traynor, Sarah Veale,; Ken Warwick; Secretariat.

Apologies: David Parker; Scott McAusland (communications advisor);

Also attending: Agenda items 1 – 3 : RPC sponsorship team, Better Regulation Executive; Agenda item 5: Professor Christopher Hodges and Chris Decker

1. Minutes of the previous meeting, updates and matters arising

The Committee approved the minutes of the previous meeting, subject to drafting changes.

The Chairman welcomed new Secretariat members, including a new permanent member of the analyst team and two secondees from other government department.

Following the actions of the previous meeting Alex Ehmann and Ian Peters agreed to act as the core members of the communications sub-group, with an open invitation to other members to be involved where possible.

The evidence to the Parliamentary Regulatory Reform Committee inquiry into better regulation was submitted. The Secretariat confirmed they were talking to the Committee clerks regarding the oral evidence sessions.

Alex Ehmann and Ken Warwick provided updates to the register of members' interests, relating to an elected local government role (Alex) and consultancy work for the Northern Ireland Office (Ken).

The Chairman provided members with an update on the reappointments process. The Chairman has written to BRE setting out recommendations. The Committee highlighted the need for clarity around how appointments of members will interact with equalities legislation and said that further thought should be given to how the timing of the process will interact with the triennial review.

2. Triennial review

The Committee discussed the triennial review paper, noting the fundamental questions that will be asked as part of the process and the likely timetable (starting July 2015). Members provided additional comments on the potential interested stakeholder organisations and highlighted the need to remain responsive to changes within those organisations.

The Secretariat will return to the Committee with more detailed communications plans in the July meeting.

3. Corporate plan – delivering the ‘knowledge centre’ aspects

The Secretariat presented the work underway in relation to the ‘knowledge centre’ aspects of the draft business plan. This covered the overall objectives of the work, the underpinning questions and the data that would need to be captured. The Committee discussion focused on the elements relating to the small and micro business test (SaMBA) and the use of alternatives, highlighting these as key areas in the light of stakeholder interest. The Committee provided direction in a number of areas:

- The SaMBA work will need to bring out questions regarding whether departments treat this as a tick box exercise or as a mechanism that influences thoughts and planning. The work should also capture the views of external organisations on SaMBA and whether it has been effective.
- The work on alternatives should bring out whether discussions of potential alternatives by departments are genuine, and not merely cursory or including obviously inappropriate options. There should also be some analysis of the extent to which different alternatives go beyond variations of the same option (for example, whether setting a new fine at different levels is considered as a single option). A key element of this will need to include the extent to which non-regulatory alternatives are assessed robustly, and the extent to which the do nothing option is also considered. In presenting any analysis there will need to be consideration of the fact that many alternatives discussions happen upstream of RPC scrutiny, and therefore will not need to go through the better regulation processes (for example, if a non-regulatory option is pursued).
- The analysis of ‘option choice’ will need to recognise the limits of the numerical data, for example where there are significant unquantified costs or benefits of a proposal. The work will need to ensure the right questions are asked with supporting narrative (for example, by highlighting where impact assessments have provided clear justifications of why non-monetised factors justify the choice of option with a lower net present value, or a worse cost:benefit ratio). Changes to the database will be needed to ensure that the net present value of preferred options is recorded to inform the analysis of the choice of preferred options and the ratio of wider benefits to business/civil society organisation costs.
- Consideration of impacts that are out of scope of the Government’s accounts should look to reflect the understanding of how businesses experience regulation (for example, the perceptions of business of the burdens from fees and charges are likely to be different to the costs associated with pro-competition measures).

4. Fees and charges – initial work

The Secretariat presented some initial findings on the impact of out of scope of ‘One-in, One-out’/‘One-in, Two-out’ fees and charges. This indicated that the overall additional costs of such measures is not significant as a proportion of the overall changes to regulatory burdens. The Committee was

surprised at the relatively low figures but welcomed the analysis. Members commented that there may be some significant localised/sector specific impacts that would be proportionately more significant.

The question of how such out of scope of OIOO/OITO costs affect business reiterates the position that the scope of scrutiny and validation of estimates should not be limited to only those within regulatory accounts.

5. Re-assessing the approach to ‘government-sponsored self-regulation’ – Professor Christopher Hodges and Chris Decker

Professor Christopher Hodges and Chris Decker presented to the Committee on their British Retail Consortium-funded research into government-sponsored voluntary regulation in the British retail sector. The presentation was very useful and the Committee had a detailed discussion about the findings. In summary, alternatives, such as self-regulation, are not subject to the same level of scrutiny. The Committee suggested that the findings, while not published yet, would be of interest to the current Parliamentary Inquiry into better regulation.

6. Methodology

The secretariat updated the Committee on the discussions of the methodology sub-group. This included the treatment of impact on sales and profit, and whether this should be treated as direct or indirect, in the Standardised Packaging of Tobacco IA. It was agreed that this case would require further analysis on the part of the Secretariat, with a Position Paper to be presented to the Committee to inform their decision. The paper will be prepared in advance of the submission of the full IA. It was also agreed that the Secretariat should start talking to the Department about these issues in advance of the submission of the final stage IA.

The Committee also discussed the Introduction of a legislative framework for Defined Ambition pension schemes IA. There was a question as to whether this case should be considered regulatory or deregulatory. It was generally accepted that this case seems regulatory though net beneficial in nature and would therefore score as a zero net cost in One-in, Two-out terms.

7. Any other business

None raised.