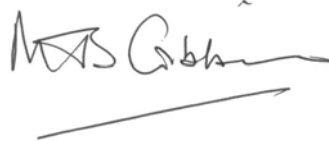
 Regulatory Policy Committee	Validation of the One-in, Two-out Status and the Net Direct Impact on Business
Validation Impact Assessment (IA)	Transfer of Undertaking (Protection of Employments) Regulations 2013
Lead Department/Agency	Department for Business, Innovation and Skills
IA Number	BIS 04/15
Origin	Domestic
Expected date of implementation (and SNR number)	1 October 2013 (SNR 7.)
Date of Regulatory Triage Confirmation	N/A – Red Tape Challenge
Date submitted to RPC	22/10/2013
Date of RPC Validation	26/11/2013
RPC reference	RPC13-FT-BIS-1838 (2)
Departmental Assessment	
One-in, Two-out status	OUT
Estimate of the Equivalent Annual Net Cost to Business (EANCB)	£-8.7m
RPC assessment	VALIDATED
Background (extracts from IA)	
What is the problem under consideration? Why is government intervention necessary?	
<p>The Government agrees with the objectives of the Acquired Rights Directive (ARD) which is translated in UK law through the Transfer of Undertakings (protection of employment) regulations (TUPE). It provides important protections against existing workers suffering disadvantage because the business that they work in has been sold. However, the way that TUPE is currently formulated is both complex and it restricts the ability of workers and employers to reach agreements that are mutually beneficial.</p>	
What are the policy objectives and the intended effects?	
<p>These reforms aim to simplify the TUPE framework in a way that maintains the protection of the worker but also maximises the opportunities of workers and employers to reach agreements within the framework which they consider to be mutually beneficial. Where possible it also aims to reduce administrative burdens and improve the guidance about how the framework works.</p>	
RPC comments	
<p>The IA proposes to reform the TUPE regulations to be more in line with the wording of the Acquired Rights Directive, while also simplifying the framework,</p>	

improving guidance and reducing administrative burdens on business. The revised IA addresses the issues raised in our previous Validation statement (24/09/2013).

The IA explains how the proposals will have a beneficial impact by reducing costs for making, defending and administering employment tribunal claims. The IA also explains how micro employers would benefit from a more flexible approach when informing, and consulting with, their employees directly pre-transfer. On this basis we are able to validate the estimated EANCB.

The additional information provided by the Department explains, in particular, the evidence provided by stakeholders to support the position that any additional burden from transitional costs would be minimal (Section 2.3). The IA also provides some further detail to explain the assumed 50% reduction in Employment Tribunal Claims (Section 2.4). The additional information within the IA now demonstrates that, although limited in areas, the evidence presented to support the analysis is the best available to the Department.

Signed

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal line underneath it.

Michael Gibbons, Chairman