Regulatory Policy Committee	**Regulatory Triage Confirmation**	
Title of regulatory proposal	Pressure Equipment (Amendment) Regulations 2015	
Lead Department/Agency	Department for Business, Innovation and Skills	
Origin	European	
Expected date of implementation	28 February 2015 (SNR9)	
Date submitted to RPC	30 September 2014	
Confirmation date and reference	8 October 2014	RPC14-FT-BIS-2223
Departmental triage assessment	Low-cost regulation	

RPC confirmation

The RPC accepts that the total gross cost to UK businesses in any one year is unlikely to exceed the low-cost threshold, based on the equal distribution of costs as estimated in the EU impact assessment, and noting the views of UK stakeholders that costs are likely to be at the lower end of the range. The RPC confirms, therefore, that this regulatory proposal is suitable for the fast track.

CONFIRMED

Departmental rationale for triage assessment (RTA)

The RTA explains that the proposed legislation will implement part of a new Pressure Equipment Directive that aligns classification of the equipment provisions to introduction of Regulation 1272/2008/EC on Classification, Labelling and Packaging of Substances and Mixtures. The new directive will revoke the current basis for product classification in the old directive on 1 June 2015. The UK needs to update its implementing regulations by 28 February 2015 to reflect this.

The Department's rationale for the fast track is that the measure is low-cost. The proposed amendment is technical and does not change the main requirements of the directive, and is intended to bring the grouping of pressure equipment containing hazardous substances into line with updated legislation on the classification of those substances.

RPC comments

The RTA states that the proposed amendment would have little impact on business. The pressure equipment sector in the UK is relatively small and has declined in recent years from 843 to 653 manufacturers. The majority of these (575) are small and medium-size businesses.

The RTA states that the Department expects the impact to be largely one-off in nature - updating guidance, additional training and familiarisation with the new directive. There may also be some small ongoing costs in terms of equipment manufacturers having to meet higher levels of conformity assessment, requiring greater involvement from independent test houses. Discussions with stakeholders and evidence from the EU IA suggest that such costs will be limited with no additional costs for the majority of manufacturers.

The Department considers the one-off costs to be small, given that changes to guidance and additional training will take place anyway as part of routine updating within the industry. The Department finds the ongoing costs harder to determine because it is difficult to estimate the number of manufacturers likely to be affected.

The Department cites the EU impact assessment relating to the changes, which used a number of simplifying assumptions to determine a potential compliance cost of €8.5 million each year for European equipment manufacturers as a whole. The EU impact assessment makes clear that data on the pressure equipment industry are limited.

The EU impact assessment assumes that 5 per cent of manufacturers will be affected by the change in substance classifications and that those affected will incur additional compliance costs of 5 per cent. By assuming that costs are equally distributed across all EU manufacturers, the RTA uses the EU-wide figures to produce a possible compliance cost for the UK of €0.4 million each year (5 per cent of €8.5 million). The RTA states that discussions with UK stakeholders suggest that compliance costs are likely to be at the lower end of the range of possible costs.

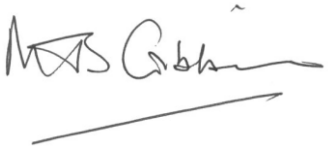
The RPC accepts that, while limited data are available, the total gross cost to UK businesses in any one year is unlikely to exceed the low-cost threshold, based on the figures as provided in the EU impact assessment, and noting the views of UK stakeholders. The RPC confirms, therefore, that the proposal is suitable for the fast track.

The Department should provide evidence at the final stage to strengthen the estimate of the costs, for example, after further consultation with stakeholders and businesses in the sector.

'One-in, Two-out' (OITO) assessment	**Out of scope**

The RTA states the proposal will implement EU legislation without gold-plating the EU requirements and is, therefore, out of scope of OITO. Based on the information provided, there is no evidence that the increase in regulation would go beyond minimum requirements, or of a failure to take available derogations that would reduce the costs to business. The Department's assessment in this regard is reasonable and is consistent with paragraph 1.9.8 ii of the Better Regulation Framework Manual (July 2013).

However, to support balanced reporting of overall EU burdens in the Statement of New Regulation, the Department should submit an IA, including further evidence on costs to support an estimated EANCB figure, for RPC validation at the final stage.

Signed  **Michael Gibbons,** Chairman