

Annex 1

Minutes of RPC meeting
Monday 13 June 2016
1 Victoria Street

Attendees

Chairman

Michael Gibbons

Committee Members

Jonathan Cave
Alexander Ehmann
Nicole Kar
Jeremy Mayhew
Martin Traynor
Sarah Veale
Ken Warwick

Secretariat

Also attending

Graham Turnock, BRE
Rob Brightwell, BRE
Liz Cooper, BRE
Hiroko Plant, BIS
Sara Coakley, (COMMS Advisor)

Harry Burt, Cabinet Office

Tim Thomas, EEF

Rudy van Zijp Actal
Marie Fabricotti Actal
Marcel Kieviet Actal

1. Minutes of the previous meeting and matters arising

Minutes of the previous meeting

1. Minutes approved for publication. The Chairman requested that members send comments on the minutes before the committee meeting.

Matters Arising

2. **Communications Advisor** - The committee were informed that the RPC now has a new communications advisor, Sara Coakley

2. Reporting

3. The Committee were informed that the RPC did not published, as proposed, the Corporate Plan in May because the necessary clearances were not obtained for the report to be laid in the libraries of both Houses of Parliament. The Chairman expressed concern that BRE did not comment on this point at the time. The secretariat proposed, and the committee agreed that there will now be a formal launch on 18 July when the Corporate Report will be published alongside a 6 monthly Regulatory Overview RPC update offering wider commentary on themes identified from the measures so far verified.

Action

- The Corporate report and the Regulatory Overview Report would be circulated to the committee for comments and then published in a launch on 18 July.

3. EEF presentation

4. Tim Thomas gave a presentation on the views of the members of the EEF on how they see the burden of regulation. The EEF support and champion manufacturing and engineering in the UK and EU and help UK industry thrive, innovate and compete locally and globally. Tim said that the EEF praise the work of the RPC in scrutinising regulation and welcome the RPC as a lobbying organisation at EU working with similar European bodies to improve regulations. The EEF members felt that there was a slowdown of regulations from the EU; especially since Timmerman became the Vice President. The EEF lobbied for the RPC to be made into a statutory body and to expand its remit.
5. Tim presented the views from the survey results of the EEF members. The members felt that under the Coalition government, reducing regulations seemed higher on the agenda than that of the present government. The focus now appears to be on increasing, rather than decreasing, the regulatory burden. Their members as employers are seeing all the regulatory burdens coming in. Also, it is difficult to understand why certain areas such as tax and tax administration which is a major burden for employers, are out of scope – members themselves do not differentiate between the types of burden, they prefer a holistic approach. A survey of the top regulatory pressures faced by their members were:
 - i. upward pressure on pay,
 - ii. pension and pension administration costs,
 - iii. compliance with regulations,
 - iv. non-wage labour costs.Most of the regulatory pressure is felt by small businesses. The large and medium ones have the capacity and resources to some extent to absorb the burden.
6. Tim provided examples of issues that their EEF members were grappling with:
 - Most of their members agree with the Government's drive to create more high quality apprentice, but don't support the levy. In fact, EEF members provide high quality apprentice schemes. Members felt so strongly on this subject that over 1,200 members logged into a webinar session (that normally attracts only about 200). They said that the apprentice scheme was difficult for them to administer, in particular the complex accounting system made it difficult to draw down funds. There were complexities in working with devolved Governments, for example how do you claim for a Scottish worker in an English training centre. As a result of the administrative problems, over half the grants are not claimed by their members.
 - Over half the members pay the national living wage. However, paying the increase put pressure on some members' pay bill, resulting in wage drift as it pushes the wage levels up throughout the organisation.
 - Reporting on equal pay and gender pay gap. The reporting arrangements were seen to be complex. The arrangements need to be simplified and made less resource intensive.

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- The transitional and familiarisation costs were not in line with many of their members' experience. The committee responded that if this was the case then the EEF members' should comment at the consultation stage to ensure that the appropriate costs are used.
- The EEF welcomed the RPC scrutinising EU measures even though they are out of scope of the business impact target.
- Taxation and tax administration was another area of concern given that both were out of scope of the target, and EEF would like to see some pressure on government regarding the apprenticeship levy which is basically a tax. The Chairman advised that taxation measures are not seen by the RPC as the remit fell on HMRC rather than the RPC.
- The relationship with regulators is changing from an advisory role to compliance which employers fear might make regulators less amenable and less willing to engage and so less accessible.

7. The Chairman concluded by thanking Tim for his presentation and the support given to the RPC. Much of what was said re-enforced the need for good post implementation reviews.

4. Jae Samant – DG Skills, Deregulation and Local Growth

8. Jae gave her first presentation to the RPC by setting out her previous experience in the Home Office and BIS Labour Markets. She had many dealings with RPC as the recipient of a number of red opinions and now, is somewhat poacher turned game-keeper seeing things from the other side. She has seen the impact of the work of the BRE and the RPC and although they both have different objectives, the marriage and tension between the two seems to work well. In the past Departments tended to seek to address policy problems through programme spending while in more austere times, they could be said to be relying more on legislation and regulation. She said that the RPC brought a wide range of expertise from the business world and she welcomed the way it scrutinised and challenged proposed legislation and regulation and provided independent advice to Ministers. The Chairman thanked Jae for her comments and emphasised that all the members valued the Committee's independence and that is what made the RPC effective.

5. BRE Update

9. Rob Brightwell presented his regular BRE update to the RPC. He introduced Harry Burt who has taken over from Sam Todd as head of RRC Support in the Cabinet Office.
10. Rob said that he wanted to focus on two issues:
SoS's Annual (BIT) report – He said that this was an excellent example of joint working between BRE and RPC. The report is almost there. The section on providing a better explanation of the exemptions has been finalised. There are a few areas that need tweaking and once these are done it can be signed off and published

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NAO report – The scope of the Value for Money review on the business impact target has been interpreted widely by the NAO. There are a number of concerns on the draft findings which can be described as challenging. The report is due out on 29 June.

5. Ministerial Presentation

11. The Chairman welcomed Matt Hancock saying that he was the first government Minister to attend an RPC committee meeting since the election. The chairman was keen to hear the views of the Minister and also would like him to consider the views of the committee on three key issues they had identified. The Minister said that he welcomed this opportunity on behalf of all the deregulation Ministers to hear and discuss how the change to the system is impacting on the RPC. He said that the integrity of the system was very important and wanted to know how to protect and maintain its integrity.
12. The Chairman said the committee welcomed the increase in scope of including regulators and the agreement for the RPC to continue to scrutinise all things out of scope of the BIT which gives the account and government credibility.
13. The Minister thanked the RPC for its comments saying that he was keen to ensure that BRE promulgate best practice. He said that many good points were raised and that he will take these away to consider.