

Attendees

Chairman

Michael Gibbons

Committee Members

Jonathan Cave

Alex Ehmann

Jeremy Mayhew

Martin Traynor

Sarah Veale

Ken Warwick

Nicole Kar (Apologies)

RPC Secretariat

Hiroko Plant, Head of Secretariat (HoS)

Secretariat staff

Guest Speaker

Professor of Justice systems and Fellow of
Wolfson College, Christopher Hodges

Better Regulation Executive (BRE) officials

BEIS BRU

1. Matters arising

Minutes of February Committee meeting

1. Minutes of the March meeting were agreed.

Matters arising

2. No member declared any conflicts of interests or changes to conflicts of interests.

Replacement Director

3. **Replacement Director** – BRE informed the committee that the advertisement for the replacement director had now been issued.

Advertisement for the Chair of the RPC

4. The advertisement for the chair of the RPC had been sent to the public appointments site and is expected to go live shortly

Feedback on the Great Repeal Bill

5. BRE (informed the committee on the progress on the Great Repeal Bill (GRB) in respect of Brexit. One committee member (JM) commented that at a conference he attended it was stated that following the enactment of the GRB, EU regulations would be rolled into UK legislation. It was only after leaving the EU that the UK could decide whether to retain, amend or revoke EU laws so transferred. Clarity was sought by the committee whether the enabling powers read across to domestic laws or do they enable changes to regulations. **Action: BRE**

2. Ethical Business Regulations

6. The Professor of Justice and Fellow of Wolfson College presented his papers (Annex 3) on Ethical business regulations EBR It was based on extensive research undertaken and based on existing evidence on why people observe or broke rules, on how culture could support continuous performance, innovation and commercial success. The key points made were:

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- Different countries do things differently, but business regulations in the past have largely been based on deterrence originating from the classical economic approach of the rationale being and that behaviour can be modified by regulations.
- Because of the regulations code, most of the enforcement agencies publish their regulations policy and code. Examples were given of the large enforcement agencies such as Financial Services Authority, Food Standards Agency, Trading Standards etc.
- EBR is based on findings of behavioural science and applies the science to support relationship between business and regulators
- Research findings show that people would voluntarily observe rules where the rules made were fairly applied and enforced fairly and its substance was fair.
- EBR facilitates effective relationship between businesses and regulators to achieve common ends more fairly and efficiently. EBR supports co-regulatory arrangements which produced desired benefits for all, whilst reducing costs. Businesses that have adopted EBR found that it leads to commercial success.
- EBR already exists in some sectors or were becoming more prevalent, notably in civil aviation, pharmaceuticals, water, energy, food standards, gambling, and equality and human rights.

The presentation was concluded by saying that the approach was less rules based and more collaborative by trying to get people to do the right thing and what is ethical. Also, that work was ongoing with BRDO on developing this concept, changing the mind-set of businesses and looking at enforcement not as an inspection, but as a business development and an opportunity for improvement of standards

7. The committee welcomed the presentation and made the following comments about EBR:
 - People would disagree what is fair and what not fair and so it would not always resolve the problems. There would always be a need for rules to settle conflicts.
 - Some ethical elements were altruistic and outside the scope of regulators or government. Also, the approach could be expensive to operate
Evidence of doing the right thing may be better assessed in post implementation reviews
 - The problem may not be with the larger organisation, but with smaller ones where it would be difficult to capture compliance
8. The meeting was concluded by the Chairman thanking the professor and would welcome a future presentation when there were further developments.

3. Better Regulations in BEIS

9. The BEIS Better Regulations Unit (BEIS BRU) presented the slides (Annex 4) on better regulations in BEIS. A new Prime Minister and the ministerial changes has meant new priorities for government and one that appears to be interventionist which may require a higher level of justification on regulations. Despite the new priorities, the government still holds to its manifesto commitments with better regulations principles and scrutiny of IAs still applying.
10. The BEIS BRU team was formed from BIS and DECC and is still in transition. The challenges are that as a new Department it has a broader remit and greater demands on BRU and analytical resources resources constraints in the scrutiny work. There were political imperatives to address new priorities. There was a likelihood of reduced timescales for policy development and for maintaining/improving quality of submissions. However, it does not mean less scrutiny, but

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smarter working through a risk based and proportionate approach with concentration being given to high risk, large or contentious measures

11. Triggering article 50 had a huge impact across Whitehall. It significantly increases demands on Parliamentary time. In parallel the, domestic agenda has to be implemented and 2015 manifesto commitments have to be delivered. They were working closely with DExEU to understand the scale of the work. Although it is too early to be definitive they have identified around 130 Statutory Instruments (SI) Is that would need amending. They were working closely with DExEU how best these changes could be submitted to the RPC for scrutiny
12. The team was working closely with RPC and BRE to improve the scrutiny process. There was engagement with regulators to instil better regulations principles and ensure assessments were submitted timely and to quality. The impact of all this on RPC would be higher volume of assessments from across Whitehall with a tight legislative framework
13. The committee made the following comments:
 - There was too much on the process and not enough about the grit in the system that makes it effective. IAs were all too often seen as a box ticking exercise at the end of the process rather than a key element in supporting decision making.
 - The current scrutiny process was meant to outlast the government and the government should not be tinkering or changing the system. Scrutiny no longer appeared to be a priority. Someone needed to ensure that scrutiny has a higher profile
 - Prioritisation was going to be an issue. RPC may be asked to turn things around quickly and at some point the RPC would not have the resources or capacity to do it.

The BEIS BRU team thanked the committee for their comments and said they would consider the points raised in further developing their processes.

4. 17-19 Business Plan, Scope of the Corporate Plan and Outline of the BIT Report

14. An outline of the three reports: 17-18 Business plan, and Corporate Report and the BIT Report were presented to the committee for its consideration and agreement. The formats were similar to that produced the previous year. It was recognised that there were likely to be changes to the Framework, but this should not deter the production of the plan and the report. The committee were content for the RPC to develop these outlines. The following comments were given by the committee
 - The structure of the document should be around a strong storyline.
 - There was potential for overlap. It would be preferable to have one rather than three reports
 - The executive summary was the key to the report which should reflect on RPC performance and achievements
 - The data should be reported on gross values rather than net values.
 - It was important not to underestimate the time it would take for the committee to review and comment on these so it was important to ensure that these drafts were sent in good time to the committee to comment.

The intention was to publish these reports by 19 or 26 June at an RPC launch

5. Updates of meetings Held with stakeholders

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RegWatch Europe

15. The DHoS outlined the issues regarding the feasibility study. Comprehensive discussions took place on the wider regulatory work of RegWatch and how it should be taken forward. A summary of the upcoming meetings were given.

RSB

16. The Chair gave an update on the meeting he attended with the HoS. He stated that the meeting was well attended with over 100 delegates. The RSB was collaborating well with a number of regulators. The public perception was that RSB was working well.

Confederation of British Industries

17. The Chair met the departing and new CBI DG. The meeting was positive with the CBI very supportive of RPC and its work.

Federation of Small Business (FSB)

18. The RPC Chair met the new Chair of the FSB. The FSB welcomed the work that the RPC were doing to ensure that the impact of regulations on small businesses was proportionate.

RSPB

19. The Chair said that he had constructive meeting with the RSPB

5. A.O.B

20. There was no other business.