



CORPORATE REPORT

1 APRIL 2018 - 31 MARCH 2020

September 2020

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# FOREWORD



I am honoured to have taken over as interim Chair of the Regulatory Policy Committee (RPC) in December 2019. I am grateful to my predecessor, Anthony Browne, for his hard work and I look forward to building on his achievements.

In 2019, the RPC reached a significant milestone and celebrated its tenth anniversary. For over a decade, the RPC's independent scrutiny has helped government make better policy decisions and ensured that robust evidence and analysis underpins regulation. The period has been one of major change and the two years covered by this report – April 2018 to March 2020 – have been no different. The RPC has provided scrutiny of a wide range of regulatory measures, including the Government's impact assessment for the European Union (Withdrawal Agreement) Bill, and will continue to do so throughout the interesting and challenging political period ahead.

Better regulation is a priority for the Government. As an independent voice the committee seeks to help ensure that regulation is sensible and proportionate and that it considers the needs of businesses, including small and micro businesses, and civil society organisations.

The Government propose to undertake a review of the business impact target over the coming year. We look forward to working with departments to improve the quality of the evidence and analysis underpinning new regulatory and deregulatory measures.

The RPC believes that changes to the better regulation framework can contribute to that improvement. Under the current framework, departments are required to submit impact assessments (IAs) for RPC scrutiny at only the final stage - often after the policy decision has been made and the legislation is laid before Parliament. We believe that RPC scrutiny should be required at the consultation stage also, which would allow us to comment on, and improve, the supporting analysis while the policy is being developed. With submission of consultation stage IAs currently being voluntary, less than half of them are submitted to us at the point in the process where we can add most value.

Over the last two years, we have worked closely with departments, regulators and external stakeholders to improve the quality of evidence and analysis supporting regulatory proposals. Developing our role as a centre of excellence, we have championed evidence-based policy making by providing guidance, training and support across government, and working with international counterparts to progress best practice. We look forward to continuing this work.

Finally, I would like to take this opportunity to welcome Stuart Sarson as the new head of the RPC secretariat and to thank his predecessor, Hiroko Plant, for her good work and support of the committee.

**Stephen Gibson**  
Interim Chair

## Key points

During 2018-20, the RPC continued to deliver robust, independent scrutiny of the impact of government regulatory proposals in a timely and proportionate manner. The analysis of casework and departmental feedback shows that:

- **in the period covered by the report, the RPC received 241 submissions** from over 40 different departments, agencies and public bodies.
- **the number of submissions to the RPC decreased.** The fall in submissions reflects the introduction of the *de minimis* threshold in 2018 and the volume and nature of the primary and secondary legislation considered by Parliament during this period;
- **the RPC increased the proportion of opinions issued within the target time scales** from 71.5% in 2017-18 to 88.8% in 2019-20;
- **departmental satisfaction with the RPC's performance increased** from 6.2 out of 10 in 2017-18 to 8.4 in 2019-20; and
- **the RPC received a smaller proportion of submissions that were fit for purpose, as first submitted, than in 2017-18.** There was a small decrease, from 80.3% of submissions to 74.1%, over the period covered by this report.

# ABOUT THE REPORT

1. The Regulatory Policy Committee's (RPC's) corporate report summarises the RPC's performance for the 2018-19 and 2019-20 financial years.
2. The report includes an analysis of submissions to the RPC and feedback from departments. Our achievements are reported against the objectives as set out in our corporate plan 2017-2022<sup>1</sup>, and reproduced below.
3. The report also includes a summary of our development as a centre of excellence and an update on budgets, personnel, and Freedom of Information Act 2000 responses.
4. Further detail on our vision and strategic objectives for the future are set out in "A Decade of Scrutiny 2009-2019"<sup>2</sup> and the *RPC business plan 2020-21*<sup>3</sup>.

5. The RPC objectives<sup>1</sup> for the period covered by this report are to:
  - engage with business and civil society organisations, Parliament, and others interested in evidence-based policy making;
  - work with our European and international partners to share knowledge, and engage with international institutions;
  - improve the transparent presentation, and quality, of evidence underpinning regulation;
  - provide ministers and the Better Regulation Executive with an independent view of the new regulatory framework and support development of a deliverable system;
  - operate a consistent, timely and proportionate system for scrutinising cases;
  - work with departments to improve the quality of evidence and analysis across Whitehall;
  - deliver robust, timely scrutiny of the impact assessment of regulatory proposals, including EU exit cases, that gives Parliament and other stakeholders appropriate assurances;
  - maintain the committee's visible independence; and
  - improve organisational effectiveness.

<sup>1</sup> <https://www.gov.uk/government/publications/regulatory-policy-committee-business-plan-2019-2020>

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/860768/RPC\\_10-Year\\_Anniversary\\_-\\_A\\_Decade\\_of\\_Scrutiny.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/860768/RPC_10-Year_Anniversary_-_A_Decade_of_Scrutiny.pdf)

<sup>3</sup> <https://www.gov.uk/government/publications/regulatory-policy-committees-business-plan-2020-2021>

## About the Regulatory Policy Committee

6. The RPC is an advisory non-departmental public body sponsored by the Department for Business, Energy and Industrial Strategy.
7. The RPC provides independent scrutiny of the quality of analysis and evidence presented in impact assessments (IAs) and post-implementation reviews where the equivalent annual net direct cost to business (EANDCB) is greater than  $\pm£5$  million. The RPC also offers informal or formal scrutiny for IAs that are submitted on a voluntary basis at the consultation stage or where the impacts are below the *de minimis* threshold.
8. The RPC was appointed, under the Small Business, Enterprise and Employment Act 2015, as the independent verification body (IVB) for the 2017-2019 parliament's business impact target (BIT). As the IVB, the RPC has a statutory role to confirm whether a regulatory provision is a qualifying regulatory provision (QRP) or a non-qualifying regulatory provision (NQRP) for the BIT and to verify the EANDCB for most proposals above the *de minimis* threshold.
9. Following the 2019 general election, the better regulation framework rules for the 2017-19 parliament continue to apply until the BIT for the 2019-2024 parliament is announced and the independent verification body appointed<sup>4</sup>.
10. The RPC assesses and rates departmental IAs. A green-rated opinion indicates that the analysis used to calculate the EANDCB and small and micro business assessment (SaMBA) is robust and fit for purpose. A red-rated opinion shows that the EANDCB or the SaMBA are not sufficiently robust and therefore, not fit for purpose.
11. In cases where an IA is found not to be fit for purpose as first submitted, the RPC usually issues an initial review notice (IRN) explaining what needs to be addressed and the department is expected to respond within 15 working days. Following submission of a revised IA, the RPC's opinion is issued as green- or red-rated, depending on whether the final IA is assessed as fit for purpose or not fit for purpose.
12. The RPC scrutinises final stage IAs within 30 working days. The RPC has agreed to work to a reduced time scale of 20 working days for consultation stage IAs and measures that support the UK's exit from the European Union. In cases where an IRN has been issued, the RPC time scale may be extended by up to 50 per cent. The RPC aims to work flexibly with departments so as not to delay the policy process.

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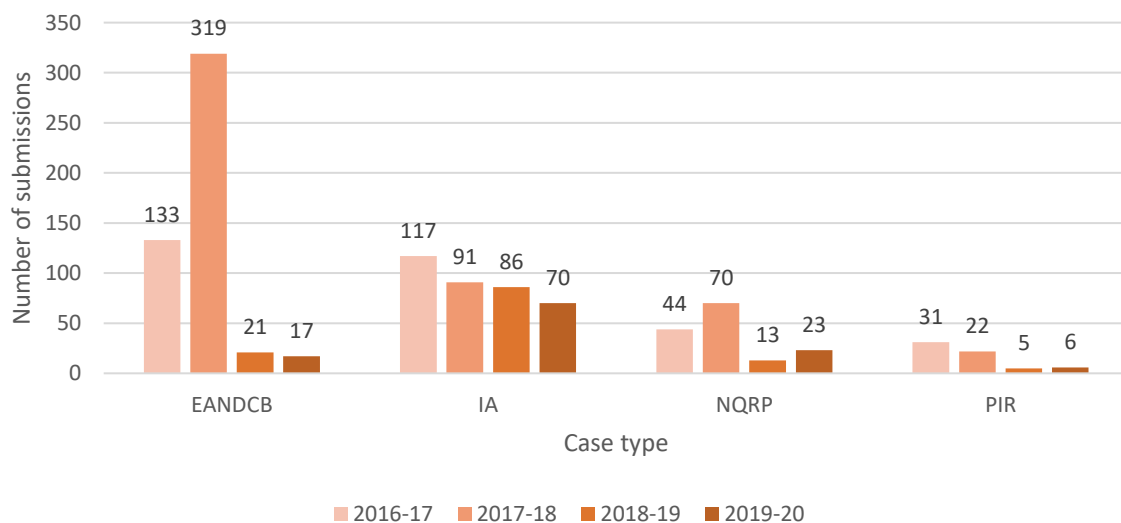
<sup>4</sup> <https://www.gov.uk/government/publications/better-regulation-framework>

# PERFORMANCE

## Casework summary

13. In both 2018-19 and 2019-20, the Regulatory Policy Committee (RPC) received significantly fewer submissions from departments and regulators than in 2017-18.
14. The reduction in all types of submissions reflects the introduction of the *de minimis* threshold in 2018 and the volume and nature of the primary and secondary legislation approved by Parliament during the period covered by this report.
15. Figure 1 shows that a large part of the fall in submissions from 2017-18 can be attributed to a reduction in the number of equivalent annual net direct cost to business (EANDCB) validations. This reduction was a result of the introduction of the *de minimis* threshold, and followed a significant rise in EANDCB validations in the second quarter of 2017 (when regulators came under the scope of the business impact target (BIT) for the first time).

**Figure 1. Number of submissions by type 2016-17 to 2019-20**



16. Table 1 below shows that the RPC has increased the percentage of opinions issued within the agreed time frame over the period. The table also shows that, in this period, the percentage of cases that were fit for purpose at first submission<sup>5</sup> fell.

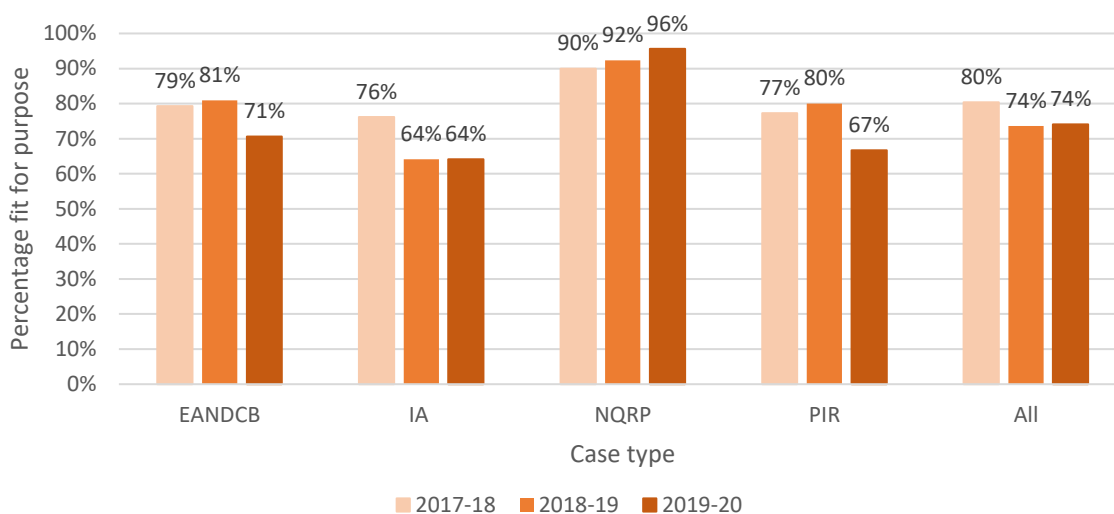
<sup>5</sup> Fit for purpose at first submission excludes submissions where an initial review notice (IRN) was issued, regardless of the opinion issued following resubmission by the department.

**Table 1. Submissions for financial years**

	2017-18	2018-19	2019-20
Total number of IAs submitted	502	125	116
Average number of days taken for RPC scrutiny	27.6	19.5	22.9
% opinions issued on time (20 or 30 working days)	71.5% <sup>6</sup>	80.0%	88.8%
% fit for purpose (as first submitted)	80.3%	72.8%	74.1%

17. Figure 2 shows that the percentage of final stage impact assessments (IAs) that were considered fit for purpose, as first submitted, fell from 76.2% in 2017-18 to 64.2% and 64.1% in 2018-19 and 2019-20 respectively. In 2019-20, the proportion of EANDCB validations that were considered fit for purpose, as first submitted, dropped from 81.0% to 70.6%. The fall in the percentage of post-implementation reviews (PIRs) considered fit for purpose, as first submitted, reflects only two submissions.

**Figure 2. Percentage of cases fit for purpose, at first submission, by type<sup>7</sup>**



18. In 2018, the better regulation framework was changed and the statutory requirement for departments to submit IAs for RPC scrutiny at the consultation stage was removed. In response to this change, the RPC introduced an offer of voluntary scrutiny, either

<sup>6</sup> The 2017-18 RPC corporate report stated that 77.5% of opinions were issued on time in 2017-18. In this report, we have expanded the analysis to include cases with a timeline of 20 working days, in addition to 30 working days previously included.

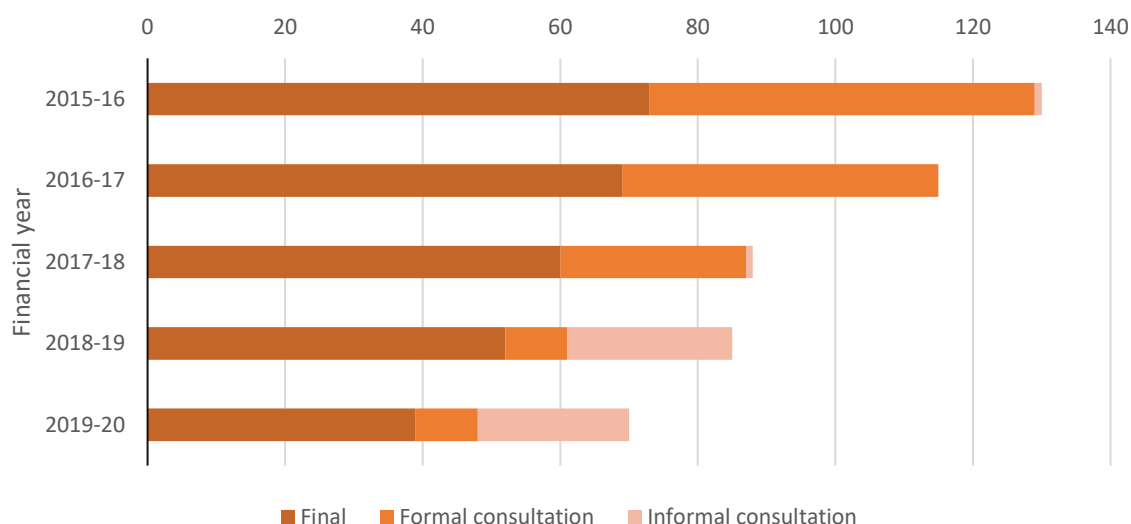
<sup>7</sup> Consultation stage IAs (formal and informal) are not included in Figure 2.



formal or informal, at the consultation stage. Informal consultation stage advice is issued directly to the department without being made public and no rating is provided.

19. Figure 3 shows that the number of formal consultation stage submissions to the RPC has dropped substantially since 2018. Informal consultation stage scrutiny appears to have broadly replaced formal consultation at consultation stage.

**Figure 3. Number of IA submissions by type**



20. The RPC helps to ensure that the BIT is an accurate account of the impact of regulatory measures on business. The RPC improves the accuracy of the BIT as part of a statutory obligation to validate EANDCB figures for qualifying regulatory provisions.

21. Table 2 shows the difference the RPC made to the accuracy of the EANDCB estimates validated during 2018-19 and 2019-20. A large portion of the difference made in 2019-20 can be accounted for by one measure, 'Breathing Space' (RPC-4418(1)-HMT)<sup>8</sup>, where the difference between initial, and RPC validated, EANDCB was £1,029.3 million<sup>9</sup>.

**Table 2. RPC absolute impact on the EANDCB for qualifying regulatory provisions**

	2017-18	2018-19	2019-20
Difference between initial and validated EANDCB <sup>10</sup> (£m)	63.1	36.2	1402.9

<sup>8</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/863869/Breathing\\_Space.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/863869/Breathing_Space.pdf)

<sup>9</sup> <https://www.gov.uk/government/publications/breathing-space-rpc-opinion>

<sup>10</sup> The values presented in Table 2 are recorded at the point at which the RPC validated the EANDCB.

## Departmental feedback

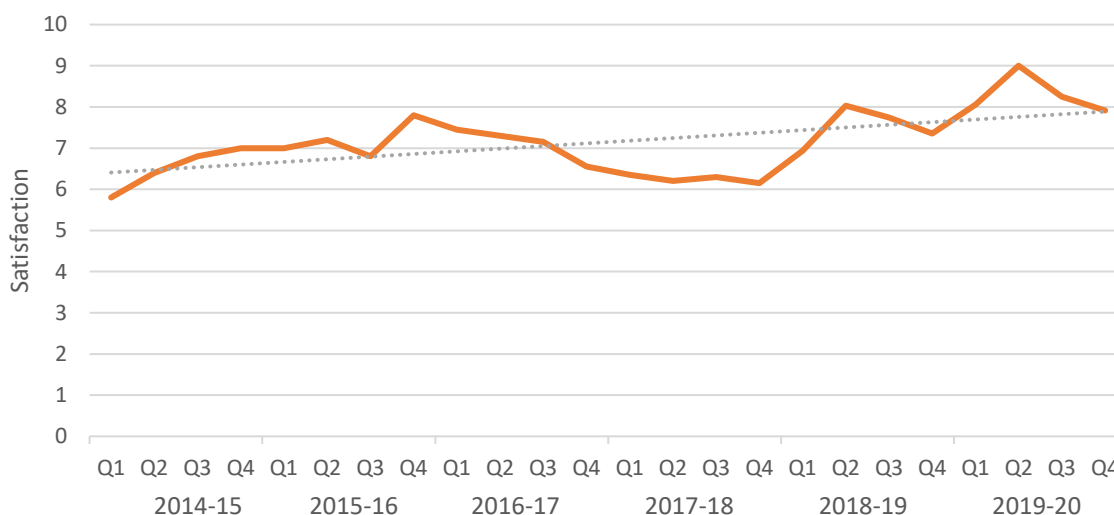
22. The RPC conducts a quarterly survey to gather departmental feedback. The survey is sent to policy leads and departmental better regulation units that submitted cases in the period covered by the report.

23. As shown in Table 3, feedback from departments has remained positive throughout 2018-19 and 2019-20, and overall satisfaction has increased. The number of responses has fallen since 2017-18 but the response rate has remained between 20 and 30%.

**Table 3. Departmental feedback**

	2017-18	2018-19	2019-20
Number of responses	130	36	24
Satisfaction (scale 1-10)	6.2	7.7	8.4
Clarity of opinion	84%	85%	93%
Clarity of process	82%	83%	85%
Agreement with comments and RPC interpretation of better regulation methodology	88%	85%	77%

**Figure 4. Departmental satisfaction**



24. The RPC also seeks qualitative feedback through the quarterly survey. A selection of the comments received during the period covered by this report are set out in the box below, along with an RPC perspective.

## Department comments

25. ***“The RPC is moving in the right direction by being more collaborative without compromising its independence.” Q3 2018-19.*** The RPC has worked closely with departments and regulators to promote evidence-based policy whilst continuing to provide a strong challenge to policy makers.
26. ***“The secretariat was very helpful in helping us to meet tight turnaround deadlines.” Q3 2018-19.*** The RPC has improved its turnaround times from 2017-18 and intends to maintain, and improve on, its performance in the coming years. We aim to meet departmental timetables where possible.
27. ***“We made changes to both consultation stage and final stage following RPC feedback.” Q1-2 2019-20.*** The RPC believe that submission at both consultation and final stage adds value at key points in the policy decision-making process.
28. ***“We and the RPC have worked very hard to build an effective working relationship, and it has benefited both sides.” Q1-2 2019-20.*** The RPC values the ongoing engagement of departments and regulators. The RPC’s own ‘engagement offer’ can be found online<sup>11</sup>.
29. ***“Pre-submission dialogue is very useful.” Q1 2018-19.*** The RPC welcomes early engagement with departmental policy teams and analysts. This can be of particular benefit for complex IAs or that raise challenging methodological questions.
30. ***“The RPC could be more transparent in what it expects to see in terms of analytical outputs.” Q1 2018-19.*** In 2018, in response to feedback, the RPC began a programme of updating and expanding its guidance and case work histories. The RPC is also working with the Better Regulation Executive (BRE) to increase transparency of methodology through a methodology sub-group.
31. ***“A lot of [the guidance] is there, but difficult to find. We struggled particularly with guidance on primary legislation.” Q1-2 2019-20.*** The RPC has published a summary of existing appraisal and framework guidance available<sup>12</sup> and the secretariat continues to work with departments and the government economic service (GES) to promote it.
32. ***“Some of the comments from the IRN were not clear, however following a meeting with the secretariat things were clearer.” Q3 2019-20.*** In cases where RPC comments have not been clear, feedback showed that discussion with the secretariat was useful. The RPC is committed to providing clear feedback in opinions and, where this falls short, is happy to meet departmental policy teams and learn from these occasions.

<sup>11</sup> <https://www.gov.uk/government/publications/how-the-rpc-works-with-departments>

<sup>12</sup> <https://www.gov.uk/government/publications/rpc-summary-diagram-of-existing-appraisal-and-framework-guidance>

## Centre of Excellence summary

33. Developing our role as a centre of excellence has been a key RPC ambition. This section outlines the RPC's work with departments, regulators, and external stakeholders to improve the quality of evidence and analysis supporting regulatory proposals.
34. In 2018, the RPC began a programme of updating its guidance and case histories to assist departments and regulators in preparing IAs. RPC guidance is now available online<sup>13</sup> and covers the following areas:
- Permissive legislation
  - Small and micro business assessment (SaMBA)
  - Primary legislation IAs
  - Direct and indirect impacts
  - Implementation costs
  - Post-implementation reviews (PIRs)
  - The precautionary principle
  - Issues around defining a "business"
  - Other BIT methodology issues.
35. In the autumn of 2018, the RPC ran a consultation programme with departments and regulators that led to a comprehensive update of the proportionality guidance document<sup>14</sup>. It has become one of the most used and cited documents on the RPC website.
36. During the period covered by this report, we extended our Whitehall engagement. Committee members have met chief economists and board-level better regulation champions to understand departments' and regulators' upcoming policy proposals and the challenges that they may be facing. The RPC aims to reflect departments' needs in its training and guidance offer.
37. In January 2019, the RPC introduced a monthly half-day course on IAs for non-technical civil servants in order to support departmental efforts to conduct good analysis. As well as introducing and explaining the role of the RPC, these sessions focus on how policy interacts with cost-benefit analysis and PIRs. The RPC continues to work with BRE to deliver GES-branded IA training for economists across government departments.
38. The RPC has maintained its priority engagement with business groups and the *Trades Union Congress*. In addition, the RPC has broadened its contact with a range of sectoral-level trade associations such as the *Food and Drinks Federation*, *UK Hospitality*, *UK Finance* and the *Advertising Association*. This engagement has been valuable to the RPC

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<sup>13</sup> <https://www.gov.uk/government/collections/rpc-guidance-for-departments-and-regulators>

<sup>14</sup> <https://www.gov.uk/government/publications/proportionality-in-regulatory-submissions-guidance>

in understanding different perspectives of impacts upon business as a result of specific regulatory proposals covered in impact assessments. The period has also seen an increased engagement with a number of civil society organisations including *Which?* and the *National Council for Voluntary Organisations*.

39. The RPC has continued to engage with international counterparts. As well as frequent and regular engagement with *RegWatchEurope* and the *Organisation for Economic Co-operation and Development*, the RPC has met, and shared best practice with, counterparts in Australia, Chile, Hong Kong, Iceland, Malaysia, Moldova, Slovakia and South Korea.
40. The RPC has continued to maintain a close working relationship with BRE and departmental better regulation units. The RPC has worked with BRE and government departments to develop scrutiny frameworks for innovation and international trade.
41. On 23 January 2020, the RPC celebrated its 10<sup>th</sup> anniversary with a reception at the House of Lords, hosted by Lord Lindsay. The event celebrated a decade of regulatory scrutiny and the achievements of the RPC, and was attended by a wide range of stakeholders from Parliament, business, civil society organisations, regulators, and departments. The RPC published a retrospective paper, '*A Decade of Scrutiny 2009-2019*'<sup>15</sup> alongside this anniversary event.
42. Lord Callanan attended the March 2020 RPC meeting in his role as Minister for Better Regulation and Regulatory Reform. During the period covered by this report, the committee also met Lord Henley several times, when he held the role between October 2017 and July 2019.

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<sup>15</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/860768/RPC\\_10-Year\\_Anniversary\\_-\\_A\\_Decade\\_of\\_Scrutiny.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/860768/RPC_10-Year_Anniversary_-_A_Decade_of_Scrutiny.pdf)

# FINANCES

**Table 4. RPC budget for 2018-19 and 2019-20**

	<i>Budget 2018-19</i>	Outturn 2018-19	<i>Budget 2019-20</i>	Outturn 2019-20	<i>Budget 2020-21</i>
Pay costs <sup>16</sup>	<i>£1,609,323</i>	£1,253,310	<i>£1,216,702</i>	£1,287,204	<i>£1,164,396</i>
Honoraria	<i>£118,000</i>	£144,723	<i>£180,000</i>	£146,403	<i>£180,000</i>
Other costs	<i>£17,500</i>	£13,269	<i>£15,000</i>	£37,506	<i>£8,000</i>
Programme	<i>£45,000</i>	£0	<i>£45,000</i>	£0	<i>£45,000</i>
Total	<i>£1,789,823</i>	£1,266,579	<i>£1,456,702</i>	£1,471,113	<i>£1,397,396</i>

43. Table 4 sets out the Regulatory Policy Committee (RPC) budgets and outturn expenditure for 2018-19 and 2019-20, and the budget for 2020-21. Pay costs refer to the salaries of the civil servants in the RPC secretariat. All secretariat staff are employed by the Department of Business, Energy and Industrial Strategy (BEIS) and are subject to the Department's terms and conditions. In any given year, the RPC secretariat includes staff paid from these budgets, and staff on annual rotation on development schemes paid from central budgets. Staff numbers across the period are set out in the next section.

44. Honorarium payments refer to the payments made to committee members in respect of the services they provide. Committee members are paid at a daily rate of £350 for up to 40 days per year and the chair is paid at a daily rate of £500 for up to 80 days per year. For the period covered by this table, both committee members and the chair have also received honoraria for an additional 10 days per year reflecting additional work associated with EU exit regulation.

45. Other costs refer to non-staff costs such as office supplies, travel, accommodation, and catering.

46. Programme refers to budget for specific programmes to support the work of the RPC including external communication support.

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<sup>16</sup> Pay costs for the three financial years covered include additional EU exit allocation (a temporary increase in funding across BEIS to reflect the increased staff required during the period building up to, and immediately following, the UK's exit from the EU). For the RPC secretariat, these funds have covered the cost of additional staff.

# PERSONNEL

## The Regulatory Policy Committee

47. The Regulatory Policy Committee (RPC) consists of seven members from a range of business and academic backgrounds. During the period covered by this report, RPC Chair Anthony Browne (Jan 2018 – Dec 2019) and committee member Alexander Ehmann (Apr 2012 – Mar 2019) stepped down. Stephen Gibson (previously a committee member) was appointed Interim Chair in December 2019.



Stephen Gibson  
*May 2018 – present*



Jonathan Cave  
*Mar 2015 – present*



Laura Cox  
*May 2018 – present*



Sheila Drew-Smith  
*May 2018 – present*



Jeremy Mayhew  
*Apr 2012 – present*



Brian Morgan  
*May 2018 – present*



Andrew Williams-Fry  
*May 2018 – present*



Anthony Browne  
*Jan 2018 – Dec 2019*



Alexander Ehmann  
*Apr 2012 – Mar 2019*

## The RPC secretariat

48. The RPC secretariat supports the committee and is staffed by civil servants employed by the Department of Business, Energy and Industrial Strategy (BEIS). The secretariat is headed by a senior civil servant (at pay band 1) who reports to the Director of Better Regulation Executive in BEIS.

49. The secretariat had 20 FTE staff at April 2018 and at April 2019. At April 2020, this number had risen to 27 FTE reflecting a temporary increase in resources in anticipation of additional scrutiny work required for legislation associated with the UK's exit from the EU. Of these, five individuals were analysts on one-year placements and funded by BEIS analysis directorate.

# FREEDOM OF INFORMATION

50. Freedom of Information (FOI) requests provide for public access to information held by public authorities in two ways:

- Public authorities are obliged to publish certain information about their activities.
- Members of the public are entitled to request information from public authorities.

Environmental information requests are handled under the Environmental Information Regulations 2004 (EIR). Environmental information includes carbon emissions and the environment's effect on human health.

51. The Regulatory Policy Committee (RPC) endeavours to be an open and transparent organisation. It makes available on its website a wide variety of information such as minutes of meetings, reports and various publications, thereby reducing the need for FOI and EIR requests. The RPC is required to respond to FOI requests within 20 working days although it aims to provide this information sooner. Table 5 summarises the numbers of FOI requests the RPC received and responded to in 2018-19 and 2019-20.

**Table 5. FOI performance for 2018-19 and 2019-20.**

	2018-19	2019-20
Number of requests	3	10
Requests met within 20 working days	2	10
Requests not met within 20 working days	1	0