

Minutes of 10 May 2021 Committee meeting (public)	
Attendees	
The Committee Stephen Gibson (SG) – Interim Chair (Chair) Jonathan Cave (JC) Laura Cox (LC) Sheila Drew Smith (SDS) Jeremy Mayhew (JM) Andrew Williams-Fry (AWF)	RPC Secretariat Stuart Sarson – Head of Secretariat (HoS)
Apologies Brian Morgan	Market Framework Jaee Samant (JS) DG, Market Frameworks
	BRE Chris Carr (CC) – Director of BRE
	John Penrose Report John Penrose MP (JP)
	Consumer and Competition Policy David Marshall (DM) Hugo Wallis (HW)
	UK Hospitality Kate Nicholls (KN) CEO Jim Cathcart (JC)

A. Introduction and matters arising

1. The Chair welcomed everyone to the meeting.
2. The Chair informed the committee that his appointment as permanent Chair had been confirmed.
3. The **minutes of the March Committee Meeting** were agreed. The public minutes have now been published on the RPC website.
4. **Register of Interests:** The Register had been updated to include the changes in declaration of interests reported by members. It has since been published on the RPC Website.
5. **Gifts and Hospitality Register** – The Chair asked that everyone keep the register up to date and include offers of gift and hospitality even if declined. The Register has since been updated to include recent declarations of gifts and hospitality and published on the RPC website.

B. John Penrose Report - Power to the people: independent report on competition policy

6. The Chair introduced John Penrose MP - the author of a recent independent report on Competition Policy. JP welcomed the opportunity to speak to the RPC. He said that this was a once in a decade opportunity for better regulation in the post Brexit environment with the constraints of EU membership now removed. He was sympathetic to the difficulties that the RPC had faced over the years and suggested that the approach in recent years had tended to create regulations piecemeal rather than take a strategic approach. There needs to be a culture change and he encouraged the RPC to challenge the current approach. The RPC needs political

backing so that the structural and cultural alignment of Whitehall is challenged and that it is not business as usual. He also questioned whether we should consider the overall “stock” of regulation as well as the “flow”.

7. The Chair welcomed the report and JP’s views. He said that the RPC recognised the problems he described. Last year the RPC had verified the BIT as a £5.7 billion cost to business against a target of £9 billion savings. The various exclusions now mean that a significant part of the increased costs to business are not being captured in the BIT.
8. AWF commented that the committee were of similar mind to JP, but lacked political power. He asked whether JP had had positive feedback on his report from Westminster and Whitehall and if so, how the RPC engage with JP in the process. JP stated that the external reaction was very positive and better than expected from large and small business. The Chancellor is now chairing a new, better regulation committee and appears keen to make progress in this area.
9. JC commented that he was working with the European Regulatory Scrutiny Board (RSB) on recovery from Covid and that we can learn from Brussels. The issue is not so much any individual regulation, but the regulatory process. It is better to have a principles based rather than an outcome based approach. Also, it is not the individual regulation or business, but collective behaviour and it is how businesses respond and operate. That is why Post Implementation Reviews (PIR) are important. In the EU OIOO was done within departmental budgets, the principle being that any “out” should be associated with a related “in”. The tendency is to do what was done before and this needs to change. We are in new territory, and this opens new possibilities. However, it was important to have a unified counterfactual. Also, scrutiny should take place at the earliest possible part of the policy making process. There is a bias towards the incumbent and large and monopolist business and these act as barriers to entry for new and smaller firms.
10. The Chair commented that many businesses share our concerns. The policies have placed burdens on business and the cumulative impact of regulations. Net zero and climate change may impose some constraint and act as a gateway. Government is planning to consult over the summer and there is a need to draw the business groups together.
11. The Chair thanked JP for the presentation and for the offer to work together. He said that the Secretariat will be getting in contact with him shortly to do this.

C. UK Hospitality

12. The Chair introduced Kate Nicholls (KN), the CEO of UK Hospitality (UKH). KN said that UKH is the single, authoritative voice representing the hospitality sector – covering everything from bars, hotels, coffee shops, contract catering, nightclubs, visitor attraction, escape rooms, bowling alleys, independent and large multi-national sites. It has 700 member companies, 90,000 individual members and represent 90 per cent of the sector. The hospitality sector is the third largest employer and helps business grow.

13. The impact of Covid on the hospitality sector has been devastating. It has wiped £80.8bn off hospitality's sales in just 12 months. Sales from the start of April 2020 to the end of March 2021 totalled £46bn, down by 64% on £126.8bn in the previous 12 months. The drop of £80.8bn is equivalent to around £220m of sales lost every day - or more than £9m every hour. The hardest hit is the travel and hotel sector. Hospitality as a whole relies on a high volume of low value transactions and it will be some time before we come through Covid. If the right conditions happen, we can see the industry opening up again. It is anticipated that there will be a long recovery period with many businesses burdened by debts, possibly breaking even by End of the year. It is projected that it will be 2022/23 before the industry gets backs to pre-Covid levels.
14. UKH influence the shape of the sector which already is heavily regulated. Covid has highlighted the fragile nature of the supply chain. UKH has been engaging positively with the RPC for a number of years on its crucial work to ensure that the quality of evidence and analysis used to inform regulatory proposals affecting the sector is sound and adheres to the principles of the Government's better regulation framework (not to presume that regulation is the answer, and to consider a range of meaningful alternative options)
15. The sector has had to implement and adapt to a large number of Covid related regulations and associated guidance since Summer 2020. It is accepted that a number of these had to be developed quickly with very short or no notice to implement. It has however caused a number of operational issues and concerns for hospitality businesses with the evidence base for a number of these restrictions being unclear or based on minimal evidence/incorrect assumptions about the hospitality sector in the UK.
16. Going forward, as the country is moving out of 'emergency' Covid related regulations impacting the sector, it is key that any future regulation related to the pandemic is properly assessed and evidence based. UKH look forward to its continued engagement with the RPC to examine the evidence base on any future Covid regulations to ensure it is proportionate and accurately reflects potential impacts on the hospitality sector. The future is going to be very different, and the sector needs time to rebuild its resilience as we go forward.
17. The Chair thanked KN saying that he agreed with the issues raised by UKH. It was important to review the IAs in the light of a post Covid environment rather than the previous approach. We in the RPC like the rest of businesses do not know what is happening in the future and that makes our task difficult. We appreciate that the hospitality sector has particular issues and complexities. The RPC will do its best.

The Chair thanked KN for the presentation saying that he looked forward to further engagement with UKH.

D. Presentation from DG Market Frameworks and BRE Update

18. The Chair welcomed Jaee Samant (JS), the DG from Market Framework. Jaee congratulated the Chair on his appointment as permanent Chair being confirmed. JS started by saying that the past year has been quite a momentous and dynamic period with the complexities of Brexit and the pandemic. She thanked the Committee and Secretariat for working through this difficult period.

19. JS stated that the government is focused on delivering a brave new post Brexit and post Covid world with an emphasis on reviewing and modernising the regulatory framework. The economy is the big issue, highlighting social issues and levelling up.
20. The Chair has embarked on a programme of engagement with a number of internal stakeholders (i.e., BRUs) and external stakeholders (i.e., ministers, parliamentarians, leaders of business groups and civil society organisations) in the RPC's capacity as the Independent Verification Body. From this, the RPC have identified a need to work in an agile manner with departments where key ministerial/legislative deadlines are identified. For this to work efficiently, the RPC have made clear that their involvement much earlier in the pipeline is critical for the identification of possible unintended consequences stemming from implementation. BRE has endorsed this position and have encouraged BRUs to engage with the RPC more frequently at pre-consultation stage, not least as this adds value to the quality of analysis pertaining to final stage IAs.
21. SG thanked Jaee Samant and Chris Carr for the helpful briefing they provided.

E. Engagement Updates

22. The Committee were informed of the following two engagements:
- SG gave a lecture to the Forum of Indian regulators on IAs and is building a good relationship with them. He said that there was a lot we could learn from them as they had a good regional structure which covered banking, oil, and gas. They have a real capability, and they are keen to work with the RPC. AWF said that his experience working with them was similar. You are talking to senior analysts in the Indian Government. We should consider assimilating some of their Framework and ideas as it would be useful in our analysis.
 - JC had been having dealings with the Regulatory Scrutiny Board (RSB) which is a European body similar to the RPC. They were concerned about the cumulative regulation which was a burden on businesses.
23. SG concluded by saying that if there is a formal consultation on the Framework the Committee will need to be more engaged with businesses and other groups. The RPC are their supporters and needs to convince Whitehall and Westminster, and this can only be done with gaining more traction with these organisations.

F. AOB

24. There were no AOBs.