



CORPORATE REPORT

1 APRIL 2020 - 31 MARCH 2021

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FOREWORD



I am very pleased to have been appointed Chair of the Regulatory Policy Committee in May 2021, having served as Interim Chair for the period covered by this report. It was a year dominated by Covid 19 and I was immensely impressed with the way that the committee and the secretariat adjusted so quickly and effectively to meet the challenges.

The RPC continued to deliver its independent scrutiny role to support an increase in government activity. This year was the first since the UK left the EU and we saw much regulation aimed at putting our exit into effect. One of the advantages of Brexit will, hopefully, be the repatriation of a significant amount of regulatory activity that had previously been exempt from UK scrutiny and excluded from the Business Impact Target (BIT) since it originated in Brussels, that will now fall under the Better Regulation Framework and the BIT.

The Government also took significant regulatory action in response to the Covid pandemic, much of which was necessarily created at pace. I am proud of how both the committee and our secretariat worked to accommodate the urgent timescales often required. Many emergency regulations were planned to last for less than a year and so were exempt from independent scrutiny according to the rules of the Better Regulation Framework. In the event, a significant number of these have since been extended to last for longer than 12 months and should have been (retrospectively) submitted to the RPC for scrutiny. However, the Government decided to relax the requirement to reduce the burden on civil service resources. While we understand this reasoning, it means that the impact assessments of measures, which have very significant impacts on businesses and civil society organisations, have not been subject to independent scrutiny nor will they be included in the BIT.

As I write this, the Government are considering the results of their consultation on the future approach to regulation and, within that, the role of independent scrutiny. This is a great opportunity to consider how we can improve the effectiveness of the framework to ensure that decisions are properly evidence-based and support government priorities. I have met a wide range of business representative groups and other stakeholders to discuss these issues and it was reassuring how supportive they all were of the need for effective independent scrutiny at an early stage in the policy development process, as well as before parliamentary scrutiny and for a post-implementation review. Our detailed response to the consultation is on [our website](#), and [our blog](#) contains posts on some of the key issues.

Finally, I would like to express my gratitude to the members of the committee and the RPC secretariat for their efforts over the year. The committee has delivered very well against its objectives in the face of all of the disruption to our work and the requirement to work from home. I am very much looking forward to returning to office working in the year ahead!

Stephen Gibson, RPC Chair

Key points

During 2020-21, 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 82 submissions** from over 25 different departments, agencies and public bodies;
- **the number of submissions to the RPC decreased.** The fall in submissions reflects a continuing downward trend since 2017, but reflects the focus of much of government in dealing with the impacts of Covid 19 through exempted short term emergency regulatory measures;
- **the RPC increased the proportion of opinions issued within the target timescales**, from 89% in 2019-20 to 92% in 2020-21; and
- **the RPC received a larger proportion of submissions that were fit for purpose, as first submitted, in 2020-21 than in 2019-20.** There was a noticeable increase, from 74% of submissions to 83%, over the period covered by this report.

ABOUT THE REPORT

1. This report summarises the RPC's activities and performance for the year from April 2020 to March 2021.
2. The report includes an analysis of the number of submissions to the RPC and of feedback from departments. Our achievements are reported against the objectives as set out in our business plan 2020-21¹, and are reproduced below.
3. The report also includes a summary of our development as a centre of excellence and an update on budgets, staffing, and Freedom of Information Act 2000 responses.
4. Details of our vision and strategic objectives for the future are set out in the *RPC business plan 2021-22*².

The RPC's objectives for the period covered by this report were:

1. To deliver independent opinions on impact assessments and post-implementation reviews that are timely, clear and consistent
2. To verify regulatory impacts measured against the business impact target (BIT)
3. To encourage and assist departments and regulators to improve the quality of their impact assessments and evaluation of regulation
4. To engage effectively with parliamentarians; business, civil and voluntary organisations, and the public on the evidence and analysis supporting regulatory proposals
5. To contribute to the development and implementation of policies for better regulation and inform the wider regulatory landscape in the UK
6. To enhance UK regulatory scrutiny through engagement with international counterparts, and to encourage evidence-based regulation in our trading partners

¹ <https://www.gov.uk/government/publications/regulatory-policy-committees-business-plan-2020-2021>

² Published alongside this report at [<https://www.gov.uk/government/publications/regulatory-policy-committees-business-plan-2020-2021>]

About the Regulatory Policy Committee

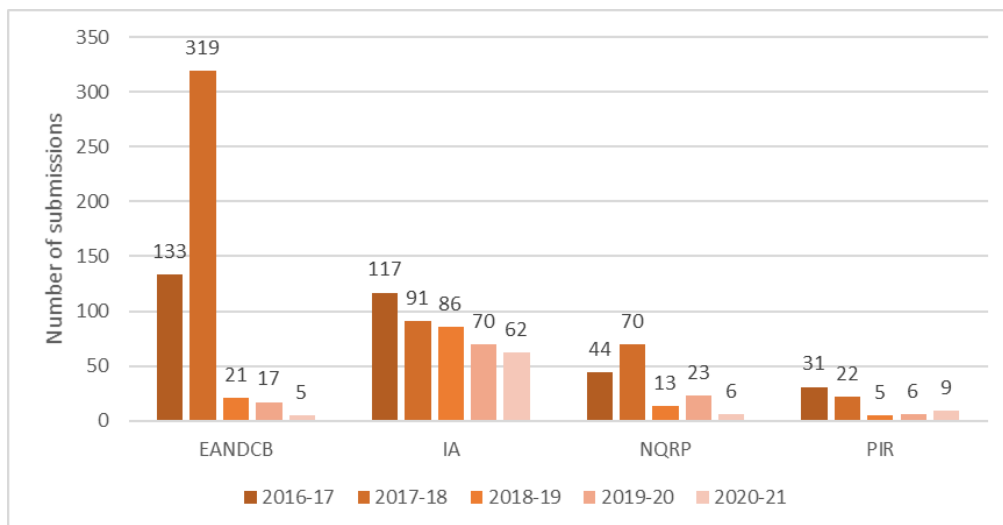
- The RPC is an advisory non-departmental public body sponsored by the Department for Business, Energy and Industrial Strategy (BEIS).
- The RPC provides independent scrutiny of the quality of analysis and evidence presented in impact assessments (IAs) and post-implementation reviews (PIRs) where the impact on business, as measured by the 'equivalent annual net direct cost to business' (EANDCB), is greater than \pm £5 million. The RPC also offers formal or informal scrutiny for IAs that are submitted on a voluntary basis at the consultation stage, or where assessment of the impacts falls below the £5 million *de minimis* threshold.
- 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) and was re-appointed, in December 2020, as the IVB for the 2019-24 parliament. As the IVB, the RPC has a statutory role to confirm whether a regulatory provision is a qualifying regulatory provision (QRP) for the BIT and to verify the EANDCB figure for most regulatory proposals above the *de minimis* threshold.
- The RPC assesses and rates departmental IAs. A 'green-rated' opinion indicates that the analysis used to calculate the EANDCB and assess the quality of the small and micro business assessment (SaMBA) is robust and fit for purpose. A 'red-rated' opinion shows that the EANDCB and/or the SaMBA is/are not sufficiently robust and that the IA is, therefore, not fit for purpose.
- 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, to which 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 revised IA is assessed as fit for purpose or not fit for purpose.
- The RPC aims to scrutinise final stage IAs within 30 working days. We work to a reduced target time scale of 20 working days for consultation stage IAs (and, previously, for measures that supported the UK's exit from the European Union). In cases where an IRN has been issued, the time scales may be extended. Within these targets, however, the RPC always aims to work flexibly with departments so as not to delay the policy process.

PERFORMANCE

Casework summary

5. In 2020-21, the RPC received fewer submissions from departments and regulators than in 2019-20, continuing the downward trend seen in recent years.
6. The reduction in all types of submissions reflects the continuing influence of the introduction of the *de minimis* threshold in 2018 and the volume and nature of the legislation approved by Parliament during the period covered by this report.
7. Figure 1 shows that a large part of the fall in submissions since 2017-18 can be attributed to a reduction in the number of EANDCB validations from regulators. This reduction is a result of the introduction of the *de minimis* threshold and followed a significant rise in EANDCB validations³ in the second quarter of 2017 (when regulators came in scope of the BIT for the first time). Activity in 2020-21 was curtailed, as much of government focused on developing exempt emergency regulation in response to Covid 19.

Figure 1 – Number of submissions by type 2016-17 to 2020-21



EANDCB – Equivalent annual net direct cost to business validations
 IA – Impact assessments
 NQRP – Non-qualifying regulatory provisions (from a regulator)
 PIR – Post-implementation reviews

8. Table 1 below shows that the RPC has increased the percentage of opinions issued within the agreed target time frame over the period. The table also shows that, over the period

³ These are where regulators submit BIT scores for validation to the RPC.

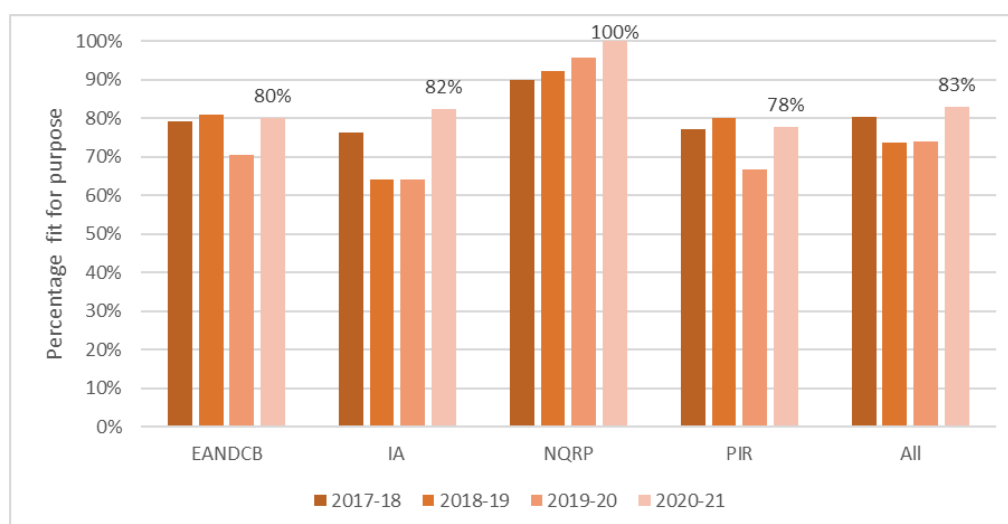
covered by the report, the percentage of cases that were considered fit for purpose at first submission⁴ rose.

Table 1 – Submissions for financial years

	2017-18	2018-19	2019-20	2020-21
Total number of cases submitted	502	125	116	82
Average number of days taken for RPC scrutiny	27.6	19.5	22.9	21.8
% opinions issued on time (20 or 30 working days)	71.5% ⁵	80.0%	88.8%	92.1%
% fit for purpose (as first submitted)	80.3%	72.8%	74.1%	82.9%

9. Figure 2 shows that the percentage of final stage IAs that were considered fit for purpose, as first submitted, rose from 64% in 2019-20 to 82% in 2020-21. In 2020-21, the proportion of EANDCB validations that were considered fit for purpose, as first submitted, also rose - from 71% to 80%. The remaining two submission types, non-qualifying regulatory provision (NQRP) summary certification for regulators and post-implementation reviews (PIRs), also saw increases in the percentage considered fit for purpose as first submitted, though these now relate to a very small group of cases.

Figure 2 – Percentage of cases fit for purpose, at first submission, by type



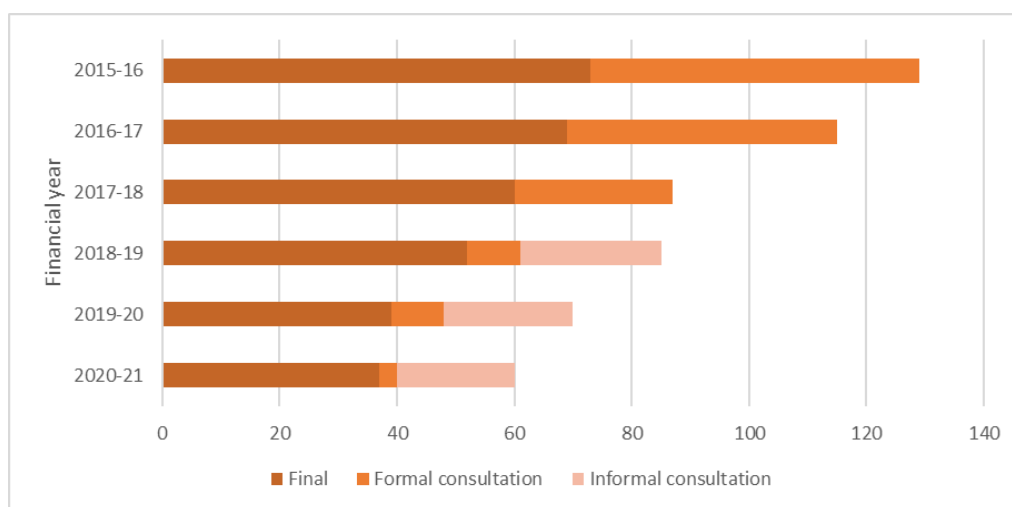
Note: does not include consultation stage IAs (formal and informal)

⁴ Fit for purpose at first submission excludes submissions where an IRN was issued, regardless of the opinion issued following submission of a revised impact assessment by the department.

⁵ 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.

10. In 2018, the Better Regulation Framework was changed and the 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 formal or informal, at the consultation stage. Informal advice is issued directly to the department without being made public, and no rating is provided.
11. Figure 3 shows that the number of formal submissions to the RPC at the consultation stage has continued to reduce substantially since 2018-19, with only three such cases being seen by the RPC in 2020-21. Informal consultation stage scrutiny appears to have broadly replaced formal scrutiny at the consultation stage.

Figure 3 – Number of IA submissions by type



12. Through its role as IVB, the RPC helps to ensure that BIT accounting of the impact of regulatory measures on business is accurate. The RPC improves the accuracy of the BIT account as part of a statutory obligation to validate EANDCB figures for qualifying regulatory provisions. Further comment on the BIT and our role can be found in our most recent IVB report⁶.

⁶ <https://www.gov.uk/government/publications/rpc-independent-verification-body-report-december-2019-to-december-2020>

Departmental feedback

13. The RPC requests feedback from departments upon its issue of opinions (through an on-line form). This is sought from those leading on the development of the relevant submission or who have been leading on the policy and engagement with the RPC. We introduced this new process early in the period covered by this report, so the information listed below reflects the feedback from the past year only.

14. The RPC received 25 responses from departments during 2020-21. As shown in Figures 4 a-c, feedback from departments has been generally positive. Key messages are:

- 88% of respondents felt the RPC’s opinion was either very clear or clear
- 80% felt that the RPC’s scrutiny had been either very useful or useful.
- 76% found it either *very easy* or *easy* to communicate with the RPC.

15. The feedback on clarity shows a reduction from the previous year (93%) although this might be a consequence of the change in methodology. Across these three questions, no cases were rated in the bottom two categories.

Figure 4a – Departmental feedback, Question 1

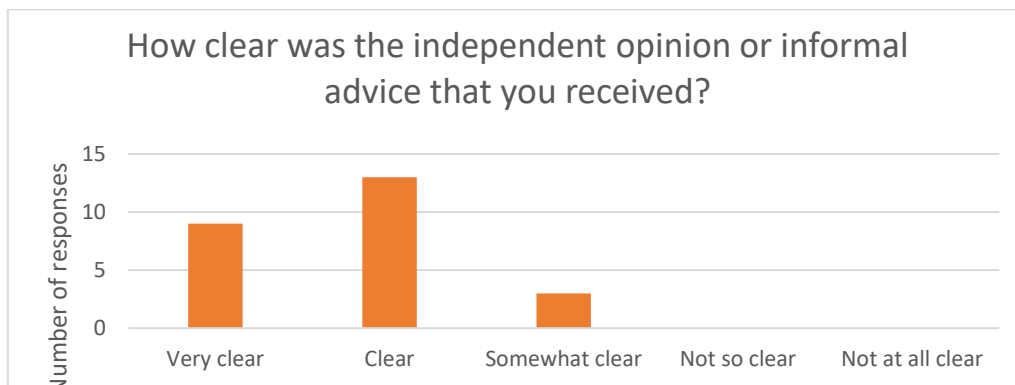


Figure 4b – Departmental feedback, Question 2

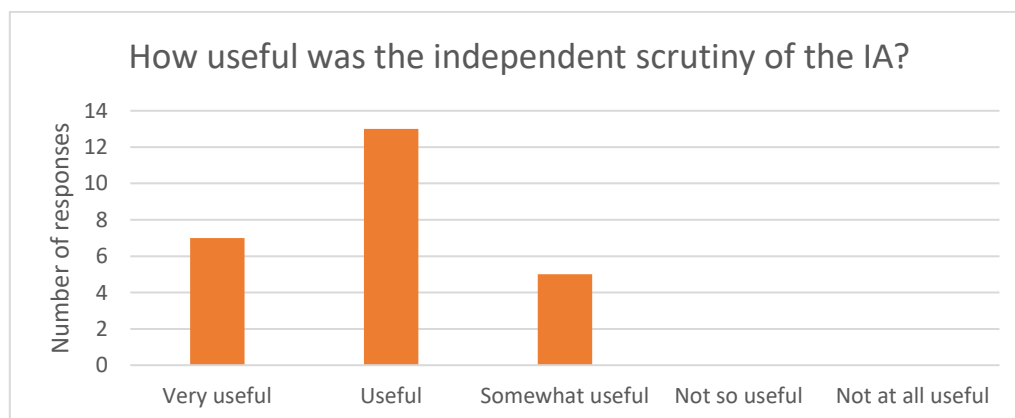
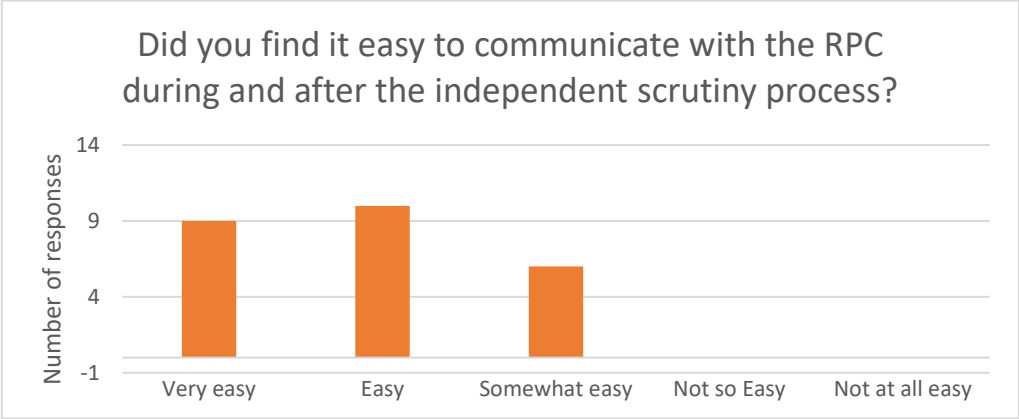


Figure 4c – Departmental feedback, Question 3



16. The RPC also provides departments with an opportunity to provide qualitative feedback through open questions. Below is a selection of the comments received during the period covered by this report:

“The challenge was useful for improving the quality of the IA. The questions were well intended and did not feel as they were intended to catch us out.”

“Informal engagement with the secretariat was very helpful especially over timetable which was necessarily rushed. It was also helpful for Parliamentary handling that the RPC separated out opinions over the IA’s fit for purpose-ness and validating the EANDCB.”

“We appreciate the RPC’s flexibility on timing and a very constructive advice from the first notice. Thanks to [the RPC’s] help we were able to produce a much better final IA.”

“The experience as a whole with the RPC was very good, with quick responses and useful insights.”

“Overall, the informal advice we received from the team was very helpful. They were able to guide us towards the best approach in tackling a comment.”

RPC Centre of Excellence

17. The RPC aims to improve the quality of government regulatory analysis by continuing to develop itself as a 'centre of excellence' on IAs and PIRs, and by sharing good practice across government through workshops, online training courses, and RPC case histories and guidance documents.
18. The following paragraphs set out some of the key things we have done in pursuit of this over the past year.

High-quality, objective opinions and statements

19. The nature of our work means that it is not always welcomed with open arms. We tell government departments and ministers what they need to hear, not what they necessarily want to hear; but we believe that, by scrutinising the quality of the evidence and analysis underpinning proposed regulation, we ultimately help government to make better-informed policy decisions.
20. We launched a new opinion template in November 2020, with the purpose of making our opinions more consistent and accessible. This will ultimately make them more effective at getting their points across. The most obvious change in our template is the introduction of a summary table at the start, which sets out succinctly our views on both the aspects on which our formal red/green ratings are based and on the other key issues that should be covered in a good IA, on which we have traditionally offered views, but which do not affect our fitness-for-purpose ratings. For final stage IAs, these are: rationale and options; cost-benefit analysis; wider impacts; and monitoring and evaluation plans.
21. To date, we have issued around 74 formal and informal opinions in the new template⁷, on IAs, post-implementation reviews and cost-to-business calculations produced by government on a huge range of policy areas.

Enhancing better regulation

22. With the UK having left the EU, the Government have been developing and implementing new independent trade policy, including trade agreement decisions.
23. In August 2020, we agreed to supplement our existing role by providing independent scrutiny of the IAs prepared following new free trade agreements (FTAs), negotiated by

⁷ This represents the number of opinions issued (67 for IAs and 7 for PIRs) over the period covering their introduction in late 2020 until September 2021. The number issued during the reporting period covered by this report (that is until end March 2021) was 32: 28 for IAs and 4 for PIRs.

the Department for International Trade (DIT). Similar to regulatory proposals, we produce opinions that provide a fitness-for-purpose rating on the analysis and consideration of impacts in the final IA.

24. Given the synergies with the role the RPC provides scrutinising the impact of regulation, the committee was pleased to agree to undertake scrutiny, extending its remit to this new, but related, area. Our independent scrutiny approach has clear benefits for reassuring ministers and stakeholders about the evidence underpinning the impact of new trade deals.
25. In these new opinions on trade agreements, we comment on the strength of evidence and analysis of the impacts of the negotiated agreement. We have developed with DIT a comprehensive checklist for our scrutiny, as well as an opinion template and guidance to align with our regulatory opinions.
26. In September 2020, we delivered the first such opinion when we provided, at pace, scrutiny of the UK-Japan Comprehensive Economic Partnership Agreement (CEPA) final IA. Our opinion was published in October alongside the final IA published by DIT.
27. This first FTA IA opinion received significant coverage and the RPC Chair was invited to discuss our opinion with the International Trade parliamentary select committee. Since the meeting, our opinion has informed parliamentary debates and we have been cited by members of parliament.

Methodological and guidance documents

28. Over the last year, we have held six methodology committee sub-group meetings where issues discussed included the approach to scrutiny of FTA IAs (discussed above), assessments of competition impacts, and the framework innovation test.
29. We have also produced this year, six case history guidance documents, covering rationale for intervention, competition assessments, trade & investment, appraisal periods, counterfactuals, and options for IAs⁸.
30. We also produced a short guidance note on assessing Covid-19 restrictions-related impacts in IAs.

Training

31. Over the years, the RPC and its secretariat have developed a set of face-to-face training sessions that we deliver to government officials at all levels, often tailored to the specific

⁸ All of the RPC's case histories are available at: <https://www.gov.uk/government/collections/rpc-case-histories>

analytical requirements of their specific policy areas. Over this reporting period, we delivered 12 policy training sessions and several tailored analysts training. Because of the Covid restrictions, these were conducted virtually but, the feedback received suggests, every bit as effectively.

32. In addition to our courses for policy teams across Whitehall, the RPC continues to work with the Better Regulation Executive to deliver Government Economic Service-branded IA training for economists across government departments.
33. We continue to update our training based on both formal and informal feedback from participants, to ensure that it remains relevant, and reflects the current requirements of the Better Regulation Framework.
34. To ensure even wider accessibility to our training, we are in the process of offering online training modules – initially on effective consultations, cost-benefit analysis, and post-implementation reviews.
35. Initial feedback from users of the first of these e-learning products has been positive. We will continue to monitor feedback to understand how useful our e-learning material is for policy makers.

Stimulating thinking on assessment of regulation

36. The RPC has independently scrutinised over 2,600 IAs since its inception. This has given us an extensive and unique insight into the creation, characteristics, quality and uses of IAs. The broad experience of members of the RPC means the committee is in a strong position to offer original, independent views on regulatory analysis. The expertise of our members is supplemented by experience in our secretariat and our growing dataset of information quality of the IAs we have seen over the years.
37. In August 2020, we published our first discussion paper, on the role of IAs within government⁹. We intend this to be the first in a series of RPC papers to stimulate discussion and comment. The paper summarises common areas of concern and suggests changes to processes that could improve the analysis, evidence and communication within IAs.
38. More recently, we have launched a new blog platform. Initial articles have been on possible changes to the Better Regulation Framework in response to a government consultation. We plan to continue to use the blog to stimulate debate and share our views on issues of relevance to our role and remit.

⁹ <https://www.gov.uk/government/publications/impact-assessments-room-for-improvement>

International

39. Although Covid-19 restrictions limited international travel, the RPC continued to engage with its international counterparts and others with an interest in scrutiny of regulation, including the Organisation for Economic Co-operation and Development (OECD) and RegWatchEurope (RWE), to promote international cooperation and cohesion across the regulatory landscape.
40. As part of RWE, we have exchanged best practice on how governments have been handling Covid regulations, and how to engage with different stakeholders.
41. With the OECD we have considered how regulation can work with infrastructure projects, as well as the core topic of international regulatory cooperation.

Stakeholder engagement

42. Again, despite the restrictions imposed during the Covid pandemic, the RPC has maintained its efforts to engage with business, sector and civil society organisations. This engagement is very valuable to the RPC in understanding the different perspectives of stakeholders on the impacts that might result from specific regulatory proposals covered in IAs.
43. Over this period, we have expanded our engagement and have spoken to a number of academic, research and think-tank organisations to understand better the latest issues on regulation and regulatory reform.
44. We have also maintained our engagement within Westminster and Whitehall, speaking to parliamentarians and interacting with key departments and regulators.
45. The RPC has continued to maintain a close working relationship with the Better Regulation Executive, as our sponsor, and departmental better regulation units.

FINANCES

Table 2 – RPC budget for period 2019-20 to 2021-22

	<i>Budget 2019-20</i>	Outturn 2019-20	<i>Budget 2020-21</i>	Outturn 2020-2021	<i>Budget 2021-22</i>
Pay costs ¹⁰	<i>£1,216,702</i>	£1,287,204	<i>£1,164,396</i>	£1,137,905	£1,020,000
Honoraria	<i>£180,000</i>	£146,403	<i>£173,000</i>	£162,684	£180,000
Other costs	<i>£15,000</i>	£37,506	<i>£15,000</i>	£29,863	£40,000
Programme	<i>£45,000</i>	£0	<i>£45,000</i>	£0	-
Total	<i>£1,456,702</i>	£1,471,113	<i>£1,397,396</i>	£1,330,452	£1,240,000

46. Table 2 sets out the RPC budgets and outturn expenditure for 2019-20 and 2020-21, and the budget for 2021-22.

47. Pay costs refer to the salaries of the civil servants in the RPC secretariat. All secretariat staff are employed by the Department for Business, Energy and Industrial Strategy 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.

48. Honoraria refers to the payments made to committee members for the services they provide. Over the period of this report, committee members were paid at a daily rate of £350 for 50 days and the chair at a daily rate of £500 for 90 days¹¹.

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

50. Programme refers to a budget allocated for specific work to support the RPC on communications which was not, as it transpired, used this year.

¹⁰ Pay costs for the three financial years covered above include additional EU exit allocation (a temporary increase in funding across BEIS to reflect the increased number of 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.

¹¹ These figures reflect an additional 10 days per year in recognition of additional work associated with EU exit regulation.

PERSONNEL

The Regulatory Policy Committee

51. The Regulatory Policy Committee (RPC) consists of seven members from a range of business, legal and academic backgrounds. Stephen Gibson (previously a committee member) was interim chair for the period covered by this report and, following an open public appointment process, was appointed RPC Chair in May 2021.



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

The RPC secretariat

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

53. Staffing in the RPC secretariat reduced from 27 people at the start of the year (April 2020) to 17 people by April 2021. We anticipate staffing levels to remain around this level during 2021/22.

FREEDOM OF INFORMATION

54. 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.
55. 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.
56. The Regulatory Policy Committee (RPC) endeavours to be an open and transparent organisation. It makes available, on its website, a variety of information such as minutes of meetings, reports and various publications, thereby helping to minimise the number of FOI and EIR requests.
57. The RPC is required to respond to FOI requests within 20 working days although it aims to provide information sooner. Table 5 summarises the numbers of FOI requests the RPC received, and responded to, from 2018-19 to 2020-21.
58. As shown in Table 3, the RPC received seven FOI requests in the period covered by this report. All the requests were met within 20 working days. In fact, five of the seven requests were met within only 10 working days.

Table 3 – FOI performance for 2018-19 to 2020-21

	2018-19	2019-20	2020-21
Number of requests	3	10	7
Requests met within 20 working days	2	10	7
Requests not met within 20 working days	1	0	0
Average turnaround time in working days	15	10	7