

Title: Provision of Services Regulations 2009 Reforms Consultation IA No: N/A RPC Reference No: N/A Lead department or agency: Department for Business and Trade Other departments or agencies: N/A	Impact Assessment (IA)
	Date: 29/08/23
	Stage: Consultation
	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: servicesregulations@businessandtrade.gov.uk

Summary: Intervention and Options	RPC Opinion: Not applicable
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Cost of Preferred (or more likely) Option (in 2019 prices)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
N/A	N/A	N/A	Non-qualifying regulatory provision

What is the problem under consideration? Why is government action or intervention necessary?

The Provision of Services Regulations 2009 (“the Regulations”) transposed the EU Services Directive¹ into UK law. They place rules on competent authorities (e.g., local authorities and independent regulators) when establishing and administering authorisation schemes (licences and permits businesses need to operate). Following EU exit, the Government is looking to reform the Regulations to make them more effective at delivering their intended objective of reducing overly burdensome regulatory barriers to businesses. Not amending the Regulations risks UK services providers facing unnecessary administrative and regulatory burdens, in particular, when seeking to obtain the relevant authorisations to run their business.

What are the policy objectives of the action or intervention and the intended effects?

Reforming the Regulations aligns with the government’s smarter regulation agenda to cut red tape and grow the economy. The intended reforms would a) provide clarificatory changes; b) strengthen the provisions that ensure authorisation schemes are proportionate and justified and administered in an accessible and transparent way, and; c) ensure the Regulations are better aligned with ambitious commitments set out in the Government’s Free Trade Agreements (“FTAs”) and in the World Trade Organisation (“WTO”) agreements. As a result, we expect the reformed Regulations will support UK service providers to obtain licences and other authorisations more efficiently by reducing administrative and regulatory burdens. The changes should also make the services regulatory frameworks clearer to navigate, as well as supporting the Government’s FTA negotiations by demonstrating our ability to implement ambitious and comprehensive commitments on “Domestic Regulation” to reduce behind the border trade barriers.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

As part of this programme, we have explored the following policy avenues;

Option 1 – Revoke the Regulations (not recommended): This could have several implications, including creating unnecessary administrative and regulatory burdens on businesses given that the Regulations support businesses, in particular to help them navigate the authorisations they require to operate. This may also risk non-compliance with commitments made in FTAs and at the WTO.

Option 2 – Do nothing (not recommended): In their current form, the Regulations do not deliver on their intended objectives to meet the needs of UK businesses. This option risks us not being able to provide the changes needed to ensure the legislation is appropriate, preventing them from being effective as they can be at managing administrative and regulatory burdens on businesses.

Option 3 – Reform and Improve (recommended): Reforming the Regulations will provide for clarificatory and substantive policy changes to ensure the Regulations deliver on their intended objectives while also strengthening the framework of rules placed on competent authorities.

¹ https://single-market-economy.ec.europa.eu/single-market/services/directive_en

Will the policy be reviewed? Yes If applicable, set review date: Ongoing

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the Earl of Minto:

Timothy Minto

Date:

6 September 2023

Summary: Analysis & Evidence

Policy Option 3

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)			
			Low: Optional	High: Optional	Best Estimate: N/A	
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)	
Low	N/A		N/A		N/A	
High	N/A		N/A		N/A	
Best Estimate	N/A		N/A		N/A	
Description and scale of key monetised costs by “main affected groups”						
An assessment of the monetised costs cannot be made at this stage.						
Other key non-monetised costs by “main affected groups”						
The direct non-monetised costs fall largely upon competent authorities. The proposals are expected to increase the administrative burden and cost of conducting business for competent authorities through the obligations on them to ensure procedures are administered in a more transparent and accessible way. Furthermore, service recipients may be indirectly impacted through a potential reduction in confidence and protection when receiving a service following further deregulation of the Regulations.						
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)	
Low	N/A		N/A		N/A	
High	N/A		N/A		N/A	
Best Estimate	N/A		N/A		N/A	
Description and scale of key monetised benefits by “main affected groups”						
As with costs, an assessment of the monetised benefits cannot be made at this stage.						
Other key non-monetised benefits by “main affected groups”						
The non-monetised benefits of this policy are likely to accrue largely on service providers in scope of the regulations (which excludes service providers undertaking the 11 types of activities ²). Businesses are likely to directly benefit from decreased administrative and regulatory burdens potentially increasing access to obtaining authorisation following more transparent authorisation processes. Furthermore, this policy is likely to improve competent authorities’, service providers’ and service recipients’ understanding of the regulations through clarificatory changes. Service recipients are expected to indirectly benefit from a potential increase in the number of service providers, increased choice, and a reduction in prices within more competitive markets. These non-monetised benefits will vary by sector.						
Key assumptions/sensitivities/risks					Discount rate (%)	N/A

² 11 service activities are excluded from scope: financial services, electronic communications, services in the field of transport, services of temporary work agencies, healthcare services, audio-visual, gambling activities, activities connected with the exercise of official authority, social services, private security services; notaries or bailiffs.

The best available evidence is used in this analysis, informed by previous stakeholder engagement. Several high impact assumptions are made which will be significant determinants of the EANDCB of these policies. It is not clear how the removal of Part 2 of the Regulations will change service providers' provision of information to service recipients, although evidence from the Evaluation of the Provision of Services Regulations 2009 ("the Regulations Evaluation Report")³ report shows approximately 71 percent of service providers said the market drives them to provide this information and they will not change the information provided assuming no government requirement to. The cost savings to service providers following a more transparent application process may also be higher than anticipated. Further assumptions have been made regarding the potential scale of change of administrative burden on competent authorities. A key economic risk is data availability which is limited at this stage. Although, this is hoped to be improved via consultation.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: N/A	Benefits: N/A	Net: N/A	
			N/A

Evidence Base

A. Problem under consideration and rationale for intervention

1. The Provision of Services Regulations 2009 ("the Regulations") transposed the EU Services Directive, which sought to reduce administrative and regulatory burdens for businesses and promote cross-border trade. These Regulations are retained EU law ("REUL"), which the Government will end as a legal category through the REUL (Revocation and Reform) Act 2023 ("the REUL Act").
2. The Regulations place a framework of rules on competent authorities (e.g., regulators and local authorities) who administer authorisation schemes for services businesses (e.g., a local authority granting street trading licences or the Solicitors Regulation Authority admitting solicitors to the roll). They require that authorisation schemes are justified and proportionate and administered in an accessible and transparent way. The Regulations are also a means of ensuring the UK's compliance with commitments set out in FTAs and in World Trade Organization ("WTO") agreements concerning the regulation of services activities to prevent barriers to trade.
3. The Regulations are not as effective as they could be, and therefore do not meet the needs of UK service providers (businesses/individuals). Intervention is necessary to better deliver on the Regulations' intended purpose to reduce administrative and regulatory burdens for businesses and clarify the legislation in a post-EU Exit landscape. Reforming the Regulations also provides an opportunity for the Government to better implement future trade commitments and may also help us seek more ambitious reciprocal terms from trade partners.
4. The Government has developed a package of proposals to reform the Regulations and intends to consult with stakeholders before laying a statutory instrument (SI) to amend the Regulations under the REUL Act.

³ <https://www.gov.uk/government/publications/evaluation-of-the-provision-of-services-regulations-2009>

5. The stakeholders affected by these reforms will primarily be competent authorities responsible for mandatory requirements; service providers; and service recipients. As such, the consultation will seek to build on currently limited data to strengthen our evidence base for our reform proposals and better understand cross-sectoral impacts. These impacts could include simplifying authorisation processes and subsequently reducing administrative/regulatory burdens on businesses, increasing burdens on competent authorities, and a reduction in information available for service recipients.
6. The Department for Business and Trade (“DBT”) is responsible for this legislation and so is best placed to reform the Regulations.

B. Rationale and evidence to justify the level of analysis used in the IA (proportionality approach)

7. The level of analysis in this IA is considered proportionate at this stage, prior to receiving consultation responses. To determine the potential scale of impact prior to consultation, responses from independent social research commissioned by the Department for Business, Energy and Industrial Strategy in 2022, as set out in the Evaluation of the Provision of Services Regulations 2009 (“the Regulations Evaluation Report”) and further informal engagement with a sample of key stakeholders have been used. Desk research has also been carried out to elicit initial evidence. Thus, the best available data is used in this IA, informed by these multiple sources.
8. However, there remain areas in which current evidence is not sufficient to break down the expected impacts of each policy reform. The consultation will seek input from stakeholders to ensure refinement and a strengthened assessment of the potential impacts of these reforms however it is likely that the final assessment will need to depend on limited quantitative evidence (see the risks section below for a further discussion of the impact of data limitations).
9. The main assumptions made in the analysis in this IA have been based on responses from surveys and interviews with competent authorities and service providers as part of the Evaluation of the Provision of Services Regulations 2009 conducted between February and March 2022. The engagement aimed to understand the current impact of the Regulations, assess the extent to which they remain fit for purpose, and identify areas for improvement. However, there are limitations in interpreting the findings from this research relating to the sample size and sampling methods used. These limitations mean that the evaluation findings are not sufficient in providing an accurate estimation of the potential impacts of each option on stakeholders. Key limitations of previous engagements include low response rates, survey and interview sampling bias limits, and limited interview coverage.
10. The independent social research commissioned by the former Department for Business, Energy & Industrial Strategy also collected multiple quantitative data points relating to the time and resource requirements for stakeholders to comply with the Regulations. Although, due to the survey limitations, data provided cannot be used to monetise the impacts of the reforms at this stage. The consultation will also be used to gather quantitative data on the costs of compliance which can be used to help monetise impacts for a response IA.
11. Policy teams also conducted further informal stakeholder engagement with “critical friends”, i.e., stakeholders who contributed to the social research and who have knowledge of the Regulations and relevant authorisation schemes. This included: 4 competent authorities (including two local authorities) and 1 service provider. The responses to this engagement were largely positive for potential larger-scale reforms.

12. The responses to the consultation will help DBT determine the scale of impact, although, as the Regulations cover a variety of service sectors, we understand that multiple types of competent authorities are likely to be affected. Desk research indicates that reforms under option 3 are likely to affect the around 500 UK-wide competent authorities⁴ in scope of the Regulations, which includes local authorities. There is currently no definitive understanding of the number of service providers affected by the Regulations.
13. The Regulations are horizontal legislation that applies UK-wide and across the economy, except for 11 specified types of service activity. As a result, option 3 is likely to have a limited impact on service providers undertaking one of these 11 excluded activities. The only reform identified to have a direct impact on service providers undertaking an excluded service activity is reform 5 (in table 1 below) which is expected to improve service providers' understanding of the regulatory environment through a more comprehensive Find a Licence tool.
14. In addition, the majority of the impacts identified in this IA are anticipated to fall on competent authorities rather than on businesses. As a result, a proportionate level of analysis has been applied to capture the differing level of impact of each reform on each stakeholder.

C. Description of options considered

15. The policy options that have been considered are:

- **Option 1 - Revoke the Regulations (not recommended):** This could have several implications, including creating unnecessary administrative and regulatory burdens on businesses given that the Regulations, in particular, support business to navigate the authorisations they require to operate. This may also risk non-compliance with commitments made in FTAs and with at the WTO.
- **Option 2 – Do nothing (not recommended):** In their current form, the Regulations do not deliver on their intended objectives, nor do they meet the needs of UK businesses. This option also risks preventing the Regulations from being effective at managing the administrative and regulatory burden on businesses and preventing us from providing the clarificatory changes needed to ensure the legislation is appropriate.
- **Option 3 – Reform and Improve (recommended):** Reforming the Regulations will provide for clarificatory and substantive policy changes, to ensure the Regulations deliver on their intended objectives while also strengthening the framework of rules placed on competent authorities.

D. Policy objectives

The Regulations apply across a wide range of services sectors and across the UK. We are seeking to reform these Regulations in order to contribute to the Government's wider smarter regulation agenda and ensure that this EU derived law is appropriate and effective for businesses across the UK economy, and within the post-EU Exit landscape.

Specifically, our reform proposals under **option 3** follow 5 core themes:

- 1) **Revising the scope of the Regulations' obligations** : These reforms would help to ensure the Regulations apply appropriately, primarily by increasing the number of service providers (particularly small and medium-sized businesses) which benefit from the requirements the Regulations place on competent authorities.

⁴ This includes government departments, arms-length bodies and over 300 local authorities.

- 2) **Changes to reduce restrictions on service providers and increase the ease and transparency of application processes:** These reforms would strengthen or expand current obligations placed on competent authorities, particularly to further ensure that authorisation procedures are **not** administered in an unduly burdensome way. In doing so, businesses will benefit from decreased administrative and regulatory burdens and may even be able to navigate the authorisation scheme landscape more easily.
- 3) **Removing administrative requirements placed on service providers:** These reforms would focus on ensuring the content of the Regulations is more appropriately focused on requirements on competent authorities and the Government, rather than service providers, and thereby streamline requirements on service providers.
- 4) **Establish a system for monitoring compliance with the Regulations:** The development of a strategy to improve, and provide assurance of, compliance with the legislation to address the deficiencies of the current system, whilst ensuring such a system is not overly burdensome on competent authorities.
- 5) **Clarificatory changes and changes to remove references to EU provisions:** These should ensure consistency and clarity and amend wording no longer appropriate following EU Exit. In doing so, we will support competent authorities, service providers and service recipients to better understand and comply with the Regulations.

E. Summary and preferred option with description of implementation plan

- 16. We intend to pursue our preferred **option 3** (as agreed by Ministers) to reform and improve the Regulations through an SI. The preferred option should ensure the Regulations meet the current and future needs of UK businesses, reflecting the post-EU Exit landscape and aligning with the Government’s broader ambitions to pursue smarter regulation policy, in order to grow the economy and boost the UK’s competitiveness.
- 17. We cannot give a precise time for when we expect to lay the SI, however we will seek to finalise the legislative process in Summer 2024. The SI should also be supported by updated guidance which will outline the requirements on competent authorities.
- 18. Processes to manage and monitor compliance with the new arrangements will be developed alongside the reform proposals to ensure long-term sustainability of the reforms, and to ensure an effective and proportionate approach.
- 19. *Table 1, below, summarises the proposed reforms under the preferred option (option 3). However, these reforms are subject to ongoing review as more evidence is obtained during consultation.*

Table 1: Summary of proposed reforms under lead policy option (option 3)

Reform theme	Proposed reforms
Revising the scope of the Regulations’ obligations	<ul style="list-style-type: none"> 1. Expand the scope of the Regulations to foreign service providers – <i>the Regulations would apply to non-UK nationals and businesses undertakings established outside of the UK but providing a service in the UK.</i> 2. Narrow the scope of the Regulations so that the obligations only apply to competent authorities that have regulatory functions in relation to mandatory requirements – <i>Regulations 31, 32, 35, 36, 37 would only apply to authorities having regulatory functions in relation to mandatory requirements, to better align with the rest of the regulations.</i> 3. Reform the “overriding reasons relating to the public interest” (ORRPI) test in the Regulations – <i>where competent authorities can only take certain measures where justified</i>

	<p><i>by an ORRPI, it would be clarified that those measures must be appropriate to achieve the ORRPI.</i></p> <ol style="list-style-type: none"> 4. Amend the circumstances in which an ORRPI can be relied on to do or not do certain things under the Regulations – <i>potentially limiting the breadth of ORRPIs that competent authorities can rely on.</i> 5. Expand the information on Find a Licence to cover some of the excluded sectors, where appropriate – <i>Regulations 36 and 38 would apply to a larger set of service activities including some otherwise excluded from the Regulations.</i> 6. Removal provisions giving priority to other legislation – <i>Removal of Regulations 5(1) to (2A), 6, 14(3), and 22(2)(d), in particular to remove the precedence given to other retained EU law.</i>
<p>Changes to reduce restrictions on service providers and increase the ease and transparency of application processes</p>	<ol style="list-style-type: none"> 7. Expand what information competent authorities are required to provide to service providers – <i>competent authorities would need to provide an update on the status of an application (on request), information on the timeframe of appeals, and procedures for resubmitting applications (on request).</i> 8. Increased flexibility of the application process – a) <i>Competent authorities would be required to accept and process applications all-year round, where practicable; b) Where an application is incomplete, competent authorities would be required to identify the additional information required, provide guidance in a clear manner to applicants in cases where applications are incomplete, where requested, and allow applicants to amend the application (where practicable); c) Competent authorities would have to ensure exams are scheduled at reasonably frequent intervals with reasonable time given for applicants to request to take an exam.</i> 9. Increased transparency of the application process – a) <i>Competent authorities would be required to inform applicants of the outcome of an application in writing except where tacit authorisation applies. b) Where tacit authorisation applies, competent authorities would be required to state this when acknowledging an application</i> 10. Widen and amend provisions governing how commercial communications are regulated – a) <i>All competent authorities would no longer be able to impose a total prohibition on the use of (a certain type of) commercial communications for all service activities; b) competent authorities would no longer be required by the Regulations to ensure that service providers comply with professional rules in relation to the independence, dignity, and integrity of a profession and professional secrecy; c) rules made by a competent authority that restrict commercial communications by providers would have to be appropriate and proportionate to an ORRPI.</i> 11. Clarify when authorisation fees can include the management and enforcement costs of an authorisation scheme – <i>to reflect case law that found that competent authorities cannot require applicants for authorisation to pay a fee at the time of submitting an application for the grant or renewal of authorisation, where (part of) that fee corresponds to costs relating to the management and enforcement of the authorisation scheme concerned.</i> 12. Remove exclusions under regulation 31 – <i>limiting the circumstances in which competent authorities could request a document to be produced in its original form, or as a certified copy or certified translation, and not accept a document which serves an equivalent purpose/shows that a requirement has been satisfied.</i> 13. Clarify the way in which competent authorities should provide the required information under regulation 36 to DBT – <i>it should be directly provided electronically e.g., via email.</i>

	<p>14. Make the list of information to be provided to DBT more comprehensive – <i>by adding requirements, for example information on fees and the timelines for processing authorisation schemes and removing inappropriate requirements.</i></p>
<p>Removing administrative requirements placed on service providers</p>	<p>15. Remove administrative requirements placed on service providers (Part 2 of the Regulations) – <i>removing obligations on service providers concerning the information they must provide to service recipients and how they deal with complaints.</i></p>
<p>Establish a system for monitoring compliance with the Regulations</p>	<p>16. Providing a new Monitoring and Compliance mechanism – <i>This would enable HMG to monitor and respond to, where appropriate, complaints that concern a competent authority not fulfilling its obligations under the Regulations.</i></p>
<p>Clarificatory changes and changes to remove references to EU provisions</p>	<p>17. Amending language to clarify the Regulations and make them more appropriate following EU exit - <i>e.g., the removal of references to EU Treaties and Directives.</i></p> <p>18. Removing references concerning authorisations to receive services – <i>e.g. the removal of the reference to service recipients in the definition of “authorisation scheme”.</i></p>

F. Monetised and non-monetised costs and benefits of each option (including administrative burden)

20. This IA identifies the impacts on government, competent authorities, service providers and service recipients following the implementation of option 3. IAs typically place emphasis on valuing the costs and benefits in monetary terms although, due to the limited availability of metrics to be used to monetise such impacts, an indicative estimation of non-monetised costs and benefits have been summarised in this IA. At consultation we will seek empirical evidence to identify and potentially quantify costs and benefits of each option – computing the EANDCB. It is likely that the direct costs of the reforms will fall on the Government and competent authorities which are out of scope of the EANDBC. However, this is subject to ongoing review as the development of Option 3 continues and more evidence is obtained via consultation.
21. In addition, there is an expected direct benefit to service providers through reduced administrative burdens meaning the consultation will be used to identify the potential cost savings for service providers. This will determine whether the scale of these benefits will exceed £5 million per year and as a result whether the impacts of the provisions under option 3 are de-minimis.
22. *Table 2, below, summarises the anticipated costs and benefits of lead policy option 3 on each stakeholder. Further detail on the costs and benefits of this option are reflected further down in section F. However, some of the impacts identified are subject to change following consultation. As more evidence is obtained, there is potential for further development of the proposals under option 3 which may result in changes to the expected impacts these reforms will have on Government, competent authorities, service providers and service recipients.*

Table 2: Summary of non-monetised costs and benefits of lead policy option (option 3)

Group	Type of cost/benefit
Government	Benefits
	<p>Smarter Regulation –</p> <ul style="list-style-type: none"> This policy aligns with the wider Government smarter regulation agenda through the reduction in administrative and regulatory burdens on businesses providing a service activity in the UK.
	<p>Promote and improve UK trade –</p> <ul style="list-style-type: none"> Better demonstrate UK’s compliance and ability to implement ambitious and comprehensive “Domestic Regulation” commitments, in FTAs and at the WTO.
<p>Improved electronic assistance facility –</p> <ul style="list-style-type: none"> A more comprehensive, up-to date and user-friendly electronic assistance facility (Find a Licence) provided by the Government which covers a larger set of service activities including some otherwise excluded from the Regulations. 	
Competent authorities	Costs
	<p>Familiarisation (one-off) costs –</p> <ul style="list-style-type: none"> Transitional costs of implementing the policy, including familiarisation costs of understanding any new legal requirements and putting mechanisms in place to ensure compliance.
	<p>Administrative cost of compliance –</p> <ul style="list-style-type: none"> Increased administrative costs due to providing a more comprehensive list of information directly to the DBT Secretary of State. Further administrative burdens may also result from the additional guidance required to assist businesses during the application process as well as the expanded list of information to be provided upon request of a service provider or recipient. Increased administrative costs through the requirement to inform applicants of the outcome of an application in writing, except where tacit authorisation applies. Further costs may be incurred by some competent authorities due to a new requirements to process applications all-year round, where practicable, and schedule exams at reasonably frequent intervals.
	Benefits
	<p>Greater regulatory clarity and certainty –</p> <ul style="list-style-type: none"> A redrafting of the Regulations will likely improve competent authorities’ understanding of specific requirements which may have previously been misinterpreted. The provisions within the Regulations will improve consistency across sectors and make them easier for competent authorities to implement in practice. Furthermore, competent authorities will be clearer on whether their activities are excluded or not. The removal of remaining references to EU Treaties and Directives will ensure the provisions can be better understood within a post-EU exit context.
<p>Ability to limit tacit authorisation –</p> <ul style="list-style-type: none"> Competent authorities maintain their right to limit tacit authorisation preventing a situation where a service provider considers that they are authorised to undertake an activity by default despite there being a public interest objective to the contrary. 	
Costs	

Service providers	Reduced ease of gaining voluntary authorisation –
	<ul style="list-style-type: none"> • A change in scope of obligations under the Regulations will result in bodies responsible for voluntary schemes (i.e., schemes under which the supply of a service is not restricted and schemes which only restrict the use of a title) no longer being required to comply with a range of provisions. As a result, the time and resource required by service providers to apply to such schemes may increase.
	Benefits
	Reduced administrative burden and cost –
	<ul style="list-style-type: none"> • Reduced administrative burden and duplication with other similar domestic legislation requirements following the removal of Part 2, which currently requires service providers to provide certain information to service recipients including contact details and information on dispute resolution and deal with complaints as quickly as possible.
	Savings through a more transparent and flexible application process –
<ul style="list-style-type: none"> • A reduction in the resource and time required to obtain authorisation due to being able to amend applications which are incomplete with sufficient guidance provided on the request of an applicant. • More accessible authorisation schemes with applications processed all-year, where practicable, and exams required for authorisation being scheduled at reasonably frequent intervals as well as providing a reasonable time period for applicants to request to take the exam. • Greater clarity around whether tacit authorisation applies in the absence of a response in a specified time period. 	
Reduced barriers to market entry –	
<ul style="list-style-type: none"> • All procedures will need to be adequate for applicants to demonstrate whether they meet the requirements for authorisation. • A reformed ORRPI test will ensure certain measures of a competent authority are appropriate to achieve an ORRPI. • Increased scope of regulation 18 resulting in the procedures and formalities of schemes requiring service providers to notify a competent authority being clear, made public in advance, easily accessible and not unduly delaying the provision of a service. • A larger group of service providers can better navigate the regulatory landscape through a more user-friendly, up-to-date Find a Licence tool. 	
Smarter regulation –	
<ul style="list-style-type: none"> • All competent authorities may no longer impose a total prohibition on the use and type of commercial communication used by service providers. This may result in an increase in the number of available avenues for advertising, ensuring maximum customer reach and enhanced business opportunity. 	
Service recipients	Costs
	Reduction in information available and complaints mechanisms –
<ul style="list-style-type: none"> • A potential reduction in protection following the removal of statutory duties for service providers to make certain information available to recipients including contact details, and information on complaints and dispute resolution (under Part 2). • Where a price is not pre-determined, a provider will no longer be required to provide information under the Regulations on the price of a service, reducing service recipients' ability to compare prices. This may result in a higher price of a service at the point of purchase. • A potential reduction in the chance of redress in a case a recipient is not satisfied with a service as service providers will no longer be required to 	

	<p>respond to complaints as quickly as possible and make their best efforts to find a satisfactory solution.</p> <ul style="list-style-type: none"> • A further limit on the circumstances at which competent authorities can restrict the means of commercial communications available to service providers may result in the reduced appropriateness of avenues used to advertise services to potential consumers.
	Benefits
	<p>Quality and price of services –</p> <ul style="list-style-type: none"> • Increased choice of services available and lower prices (if more transparent processes and procedures increase the overall competitiveness of the UK as a place to provide a service). This is balanced against the cost above of a potential price rise following the removal of Part 2.

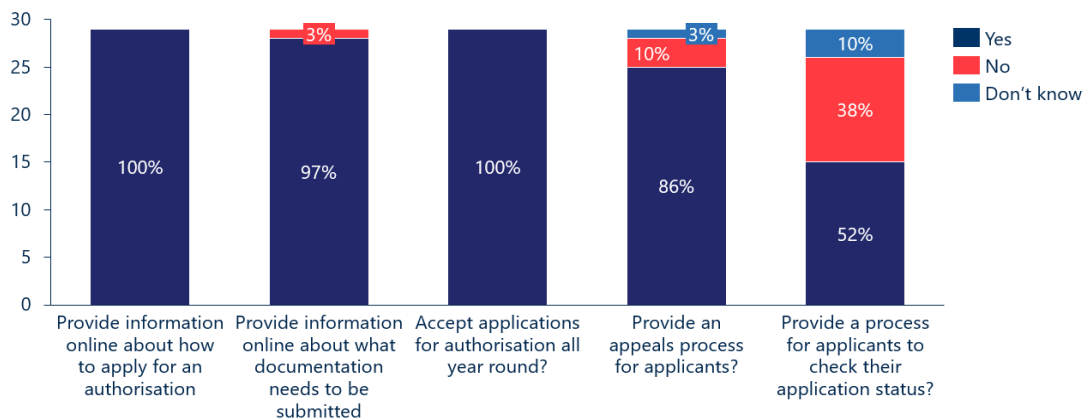
Non-monetised costs of lead policy option

Competent authorities

Administrative cost of compliance

23. Under option 3, competent authorities would be expected to provide a more detailed submission of information to the DBT Secretary of State. We are assuming that many competent authorities already collate this relevant information so the likely increased costs would be from actively providing it to DBT and ensuring it is up-to-date. From the Regulations Evaluation Report, it is clear that there is limited contact between competent authorities and DBT with no respondent of the 69 percent who made a change to their scheme in the last 5 years reporting this as required.
24. Regulation 36 would be amended to remove the option for competent authorities to comply with the provision by publishing the required information on their website. In a case where a competent authority only publishes this information on their website, they would also be required to provide the relevant information directly to the DBT Secretary of State in electronic form. There may be further transitional costs as competent authorities set up their data collection processes.
25. The list of information that competent authorities are required to provide to service providers and recipients would be expanded. Competent authorities would be required to inform an applicant of the status of an application and procedures for resubmitting an application where that information is requested. Competent authorities would also have to set out the timeframe for any appeal against a decision to refuse an application. In the survey carried out as part of the Regulations Evaluation Report, only 52 percent of competent authorities provided a process for applicants to check their application process. This suggests a new requirement to provide this information may increase the administrative burden for some competent authorities, but it would help drive consistency in competent authorities' administrative processes across the UK. The requirement to provide more information should have a limited impact on the resource input of competent authorities although this assumes that competent authorities currently have access to this additional information.

Figure 1: Competent authority responses on the information and processes they currently provide service providers (%)



Note: This is based on responses from a sample of 29 competent authorities questioned “Considering this scheme, does your organisation currently do the following?” Source: Evaluation of the Provision of Services Regulations 2009, page 50

26. Competent authorities would be required to make their application processes more accessible through methods such as processing applications all-year round, where practicable, and scheduling exams at reasonably frequent intervals. Findings from the Regulations Evaluation Report show that 100 percent of responding competent authorities currently accept applications all year round. The new requirement to accept and process applications all-year round, where practicable, should therefore have a neutral impact on competent authorities, although consultation will be used to refine this assumption. The consultation will also seek feedback from competent authorities on the potential additional burden related to scheduling exams at reasonably frequent intervals and providing a reasonable period of time for applicants to request to take the exam.
27. Competent authorities would also be required to inform applicants of any outcome of an application in writing, except where tacit authorisation applies. As this is not currently specified in the regulations, this could increase the administrative burden on competent authorities. However, it is assumed that competent authorities do inform applicants in this way already.
28. Where an application is incomplete, competent authorities would be required to identify the additional information required to complete the application and, where practicable, on the request of an applicant, provide guidance on completing the application, and, where practicable, allow the applicant to correct deficiencies for a reasonable fixed period. Although such a reform would result in direct benefits to service providers as highlighted in paragraph 61, such requirements would potentially increase the obligations on competent authorities during the early stages of an application process if such a system is not already applied in practice. However, the extra burden on competent authorities could be minimal as evidence from the Regulations Evaluation Report highlighted these Regulations are not the sole driver behind current practices which make application processes clearer. For example, 97 percent of competent authorities said they already include information about required documents and 100 percent provide information online about how to apply for authorisation. However, the scale of increased administrative burden on competent authorities is unknown at this stage and will be understood through further stakeholder engagement.

Familiarisation costs

29. Competent authorities would need to gain a detailed understanding of a range of new legal requirements and change their systems in light of these requirements, putting

mechanisms in place to ensure compliance. The guidance to the Regulations⁵ will be updated to ensure it is aligned with legislative changes and supports stakeholders in interpreting new requirements. Any cost to competent authorities following the provision of extra information and systems to ensure a transparent application process would be a direct benefit to service providers as captured in the non-monetised benefits section.

Service providers

Reduced ease of gaining voluntary authorisation

30. Under option 3, the scope of regulations 31, 32, 35, 36 and 37 would be reduced meaning they would only apply to authorities having regulatory functions in relation to mandatory requirements.
31. As a result, authorities responsible for voluntary schemes would no longer be required to accept documentation in accordance with regulation 31. Such authorities could therefore refuse to accept a document where another specified document had been requested, despite such documentation proving a requirement has been satisfied, and require a document to be produced in its original form or as a certified copy or translation (except where this is otherwise prohibited). This could lead to more time required from service providers to provide documentation in the required form, increasing the time before authorisation can be gained.
32. In addition, such bodies would no longer be required under regulation 32 to ensure procedures and formalities relating to access to, or exercise of, a service activity can be completed at a distance and by electronic means. As a result, difficulties could arise for service providers trying to apply under voluntary schemes following the reduced ease of carrying out necessary procedures remotely. However, evidence from the Regulations Evaluation Report highlighted that only 20 percent of responding competent authorities referenced the Regulations as a driver for administering an electronic process, with most citing other legislative drivers, demand for business and internal efficiencies. Therefore, it is likely that bodies responsible for these schemes would continue to ensure procedures can be completed by electronic means, e.g., via an online process and limited Government intervention is required.
33. Under option 3, bodies responsible for voluntary schemes would not be required to provide information on the way in which the requirements referred to in regulation 36(1)(a) are generally interpreted and applied upon request of a provider or recipient. This could result in less certainty for service providers regarding the requirements applicable to gain authorisation.
34. In addition, the removal of these bodies from the scope of the Regulations could result in a risk to service providers being subject to a requirement under such schemes which obliges the exercise of a specific service activity exclusively and restricts the exercise of different activities. However, the survey from the Regulations Evaluation Report highlighted it is not standard practice for competent authorities to prohibit service providers from delivering multi-disciplinary services with 95 percent of 20 respondents emphasising they would never restrict this activity as it sits outside their role, meaning the risk is low.
35. It is assumed that authorities which do not have regulatory functions in relation to mandatory requirements currently adhere to the obligations currently applied to them. If there is currently low compliance, the costs incurred by services providers would be limited. However, if there is currently high compliance, there is a chance that such bodies would continue to adhere to requirements in the Regulations due to this being good practice. Also, desk research indicates that there are only a handful of

⁵ <https://www.gov.uk/government/publications/complying-with-provision-of-services-regulations-for-businesses-and-competent-authorities>

authorities responsible for voluntary schemes in scope of the Regulations so the impact may be limited. However, this will be tested at consultation.

Service recipients

Reduced protection

36. Under option 3, administrative requirements placed on service providers would be removed to ensure that the content of the Regulations is more appropriately focused on requirements for competent authorities and DBT Secretary of State.
37. The duties in the Regulations for service providers to make contact details available and to respond to complaints as quickly as possible, whilst making best efforts to find a satisfactory solution, would be removed. Evidence from the Regulations Evaluation Report highlights that there is already limited provision of formal complaints procedures with only 40 percent of responding service providers sharing complaints procedures online. Otherwise, service providers use contact details that have been provided to lodge complaints. If the requirement to provide contact details is removed, the ease of recipients contacting a business and their ability to file a complaint could be impacted, potentially reducing the quality of services provided and the chance of redress in the case a service recipient is not satisfied.
38. Service providers would no longer be required to make the prices of their services or access to quotes available under the Regulations. This could reduce the ability of service recipients to compare prices prior to purchasing, resulting in an increase in the prices of services provided. This would result in lost surplus for those service recipients purchasing at a new higher price.
39. During the Regulations Evaluation Report survey, 15 percent of responding businesses suggested that they would change the information they provide if they were not required to provide it by law. At consultation, additional evidence will be gathered to determine which information may not be provided, the subsequent cost on recipients under option 3, and whether protections for recipients would be reduced. However, it is assumed that service providers provide this information as a matter of good practice within the market. Therefore, it is likely that this provision of information would continue even if the relevant obligations in the Regulations were removed. It should also be noted that, in most cases, we have identified other legislation that requires businesses to provide the information specified in the Regulations to consumers – in other cases, we aim to find similar legislation through consultation.
40. Under option 3, an increase in the circumstances in which competent authorities cannot restrict the means of commercial communications available to service providers could lead to costs for service recipients. Existing evidence shows that cases exist where competent authorities prohibit businesses from using commercial communications due to principles on public safety. For example, 22 percent of local authorities surveyed as part of the Regulations Evaluation Report highlighted that they restricted aspects of advertising by certain license holders. Therefore, a further reduction in regulation over the types of commercial communications used could have a negative impact on the appropriateness of avenues used. However, the consultation will be used to determine the circumstances in which it may be appropriate and proportionate for competent authorities may to prohibit the use of (a certain type of) commercial communications.

Non-monetised benefits of lead policy option

Government

Improved Regulations and guidance

41. The principal benefit to the Government under option 3 would be having more simplified guidance and digestible legislation which may help competent authorities to comply, increasing the chance of the overarching aims of the regulations being fulfilled. In response to survey carried out as part of the Regulations Evaluation Report, 48 percent of responding competent authorities agreed or strongly agreed that improved awareness and guidance around the Regulations would be beneficial.

Smarter regulation

42. Under option 3, the administrative and regulatory burden on businesses providing a service in the UK would be reduced. This policy aligns with the general Government smarter regulatory agenda: this aims to achieve the right regulatory balance between reducing unnecessary administrative and regulatory burden when seeking to obtain the relevant authorisations, whilst maintaining a level of protection for service recipients, alongside wider policy aims such as the protection of health and the environment.

Improved electronic assistance facility

43. A more user-friendly, up-to-date electronic assistance facility covering a larger range of service activities, including some excluded from Regulations, would be provided.

Assurance to meet commitments negotiated in Free Trade Agreements

44. The Regulations facilitate cross-border trade as they are a means of ensuring the UK's compliance with its commitments on the regulation of services in FTAs and at the WTO. The Government has consistently pointed to these Regulations during trade negotiations as its primary means of implementing ambitious and comprehensive "Domestic Regulation" commitments. Pursuing option 3 would better enable the Government to negotiate with trade partners to reciprocate, for the benefit of UK services exporters.

Improved monitoring of compliance

45. Under option 3 the Regulations would be amended to provide that a competent authority for a service activity must provide the information in electronic form directly to the Secretary of State. This would ensure better oversight of the regulatory environment for Government.

Competent authorities

Greater regulatory clarity and certainty

46. The proposed changes under option 3 should improve the clarity and certainty of the regulatory framework of the Regulations. Feedback from informal stakeholder engagement highlighted that clearer legislation would be beneficial to some competent authorities. As it is difficult to quantitatively estimate benefits arising from increased clarity, qualitative analysis has been undertaken and the responses from consultation will also be used to identify the scale of potential benefits.
47. Under option 3, some benefit would be delivered through the redrafting of requirements with the aim of improving the understanding of specific regulations which may have previously been misinterpreted. A better understanding of the regulations could result in increased compliance amongst competent authorities.
48. The removal of inappropriate references to "recipients" in regulations 4, 31 and 36 would remove specific provisions in the Regulations which relate to the regulation of the receipt of services. This would clarify that the Regulations do not apply to schemes which restrict the receipt of services. It is assumed that instances do not currently exist where the receipt of a service is regulated by competent authorities

meaning this reform should not reduce or increase the current obligations on competent authorities or the regulatory burden on recipients.

49. Redrafting under option 3 should also clarify that the requirements on competent authorities under regulation 32 only apply to procedures which competent authorities are responsible for. This would prevent a situation where the provision is read more widely suggesting that a competent authority must ensure that all procedures and formalities can be completed electronically even when not appropriate.
50. In addition, we would look to clarify the meaning of “examination” in regulation 15(7) to prevent a situation where a competent authority believes that an examination is required to grant authorisation under an authorisation scheme. This would ensure that competent authorities are clear that an actual exam is not required and instead only scrutiny of whether the conditions for authorisation have been met is required.
51. Option 3 would broaden the scope of regulation 34 which currently provides that competent authorities may not impose a total prohibition on the use and type of commercial communication by providers of a service carrying on a regulated profession. The reform would align the scope of this provision with the rest of the Regulations so that it is not limited to providers of a service carrying on a regulated profession. This should make all provisions within the Regulations consistent in their scope making them easier for competent authorities to implement in practice.
52. Redrafting under option 3 should also clarify in regulation 16 that, where the number of available authorisations is limited by an ORRPI, such authorisations should be granted for a limited time period. As a result, in instances where access to a market is limited, a situation cannot occur where service providers holding an authorisation for an unlimited time period is able to dominate and increase the degree of monopoly power within a market. However, as this simply aligns with case law, such clarification would have a neutral impact on service providers.
53. Under option 3, amendments would be made so that bodies overseeing voluntary schemes would no longer be in scope of the Regulations. Instead, only bodies with regulatory functions in relation to mandatory requirements would be in scope of the Regulations. This should reduce existing ambiguity around the scope of the Regulations with such bodies falling within the definition of competent authority when in practice the majority of the provisions only apply to mandatory requirements. As a result, competent authorities would have greater certainty around whether their activities are within scope of the Regulations. The specific provisions which would no longer apply to these wider bodies include:
 - I. Such bodies would no longer be required to accept documentation in accordance with regulation 31. As a result, under these Regulations, such a body would not need to accept any document which serves an equivalent purpose or from which it is clear the requirement has been satisfied and can also require a document to be produced in its original form, as a certified copy or certified translation.
 - II. Regulation 32 which would result in such bodies no longer being subject to the duty of making their procedures and formalities available electronically.
 - III. Such bodies would no longer be subject to the duties at regulation 35, including the requirement to not subject service providers to requirements that oblige the provider to exercise a specific service activity exclusively.
 - IV. Regulation 36 which would result in such bodies no longer being required to provide certain information to the Secretary of State.

- V. Regulation 37 which would result in such bodies no longer being required to provide information on the way in which requirements in regulation 36(1)(a) are generally interpreted on request.
54. Further work on monetising this benefit will be completed following the consultation. Although this reform would result in direct benefits to bodies overseeing voluntary schemes, costs could be incurred by service providers as set out in paragraphs 30-34.
55. Under option 3, regulation 18(4) would be amended to reflect the judgment in *R (on the application of Hemming (t/a Simply Pleasure Ltd) and others) v Westminster City Council*⁶, which provides that competent authorities cannot require applicants for authorisation to pay a fee at the time of submitting an application for the grant or renewal of authorisation, where (part of) that fee corresponds to costs relating to the management and enforcement of the authorisation scheme concerned. This would provide further clarification for competent authorities on the circumstances in which management and enforcement costs can be recouped.

Ability to limit tacit authorisation

56. Option 3 would provide that, where tacit authorisation applies, competent authorities should notify applicants of this. This should prevent a situation where a service provider is unclear whether tacit authorisation applies and therefore whether they are authorised to undertake an activity by default where an application has not been processed within the prescribed period.

Service providers

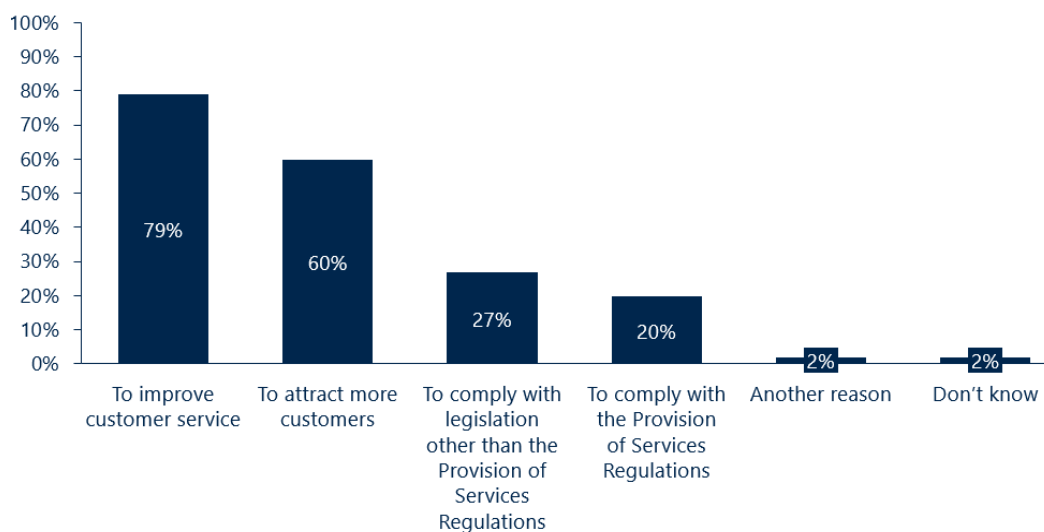
Reduced administrative burden and cost

57. Service providers would no longer be required to make contact details, prices, information about dispute resolution and other details available to service recipients. Where service providers have previously incurred additional costs from providing this information, the removal of the requirement could reduce time and resource costs in the future although, based on existing evidence, this is unlikely. The Regulations Evaluation Report highlights current provision of this information is driven largely by market demand with 79 percent of respondents citing improved customer experience as the reason behind compliance with no provider stating these Regulations as the sole driver. When asked, 70 percent of service providers also considered that the requirement was not burdensome. Therefore, the removal of Part 2 is assumed to have a limited impact on the administrative burden on service providers as such duties are perceived to be common practice resulting in the continued provision of information in most cases.
58. Further, of the 126 service providers surveyed in the evaluation of the Regulations research, 29 percent did not agree that they would not change the information provided if the Regulations no longer required this to be done, of the 14 providers who indicated they would change the information they provide, 83 percent suggested they would alter the information to be more relevant and accessible for their customers. However, no responses underlined a desire to arbitrarily reduce the information provided.
59. Further desktop research also highlights overlapping requirements of the Regulations with other legislation, which has similar intended outcomes regarding information to be provided to recipients of a service. However, this research does not suggest that similar requirements exist for all business-business service provision (i.e., where the

⁶ *R (on the application of Hemming (t/a Simply Pleasure Ltd) and others) v Westminster City Council* [2017] UKSC 50
<https://www.supremecourt.uk/cases/docs/uksc-2013-0146a-judgment.pdf>

recipient is not a consumer), or requirements to respond to complaints as quickly as possible. This consultation will seek feedback from service providers as to whether they will continue to provide all the information currently required under the Regulations and identify requirements potentially not covered by other legislation. This will help to inform whether any monetised benefits associated with the removal of Part 2 can be computed.

Figure 2: Service providers response to the drivers for providing information to customers (%)



Note: This is based on responses from a sample of 115 service providers questioned "Why do you provide this information to customers?" Source: Evaluation of the Provision of Services Regulations 2009, page 37

Savings through a more transparent application process

60. The ability for an applicant to amend their application, where appropriate, when it is incomplete would reduce administrative burdens associated with the application process. Service providers should experience cost and time savings as they would no longer be required to fill in another application form in full in a case where deficiencies or errors are identified. From the survey carried out as part of the Regulations Evaluation Report, 58 percent of service providers reported large administrative costs associated with the application process. This suggests that businesses would benefit from greater flexibility around the amendment of incomplete applications with a potential reduction in administrative cost. At present, it is not possible to estimate the costs savings incurred with a more transparent application process although a number of questions are being posed in the consultation to elicit the necessary information.

61. Competent authorities would be required to process applications all year round, where practicable, and schedule exams at reasonably frequent intervals if they are required for authorisation. This should reduce the time required to obtain authorisation, making schemes more flexible and accessible for different groups. Improved access to gaining authorisation is likely to increase the ease of market entry for businesses, increasing the competitive pressure on incumbents. This could result in a direct benefit to service recipients as captured in the benefits to service recipients' section.

62. Under option 3, there should be improved certainty for service providers during the application process. The reform requiring competent authorities to inform applicants of the outcome of their application in writing, except where tacit authorisation applies, would add certainty for businesses through a more transparent application process.

63. Competent authorities would be required to provide guidance to assist service providers in cases where applications are incomplete, where requested. This should

result in a quicker, more transparent application process and prevent the chance of arbitrary rejection based on insufficient information being provided. In the Regulations Evaluation Report survey, only 52 percent of service providers considered that it was clear what documentation was required to apply for authorisation meaning further guidance would be beneficial to future applicants.

64. Under option 3, competent authorities would be required to inform applicants where an authorisation can be deemed to have been granted in the absence of a response within a specified time period. As a result, service providers would have clarity as to whether tacit authorisation⁷ applies preventing a situation where, in the absence of a response, applicants do not know whether their application has been granted. In addition, service providers would not be able to assume that tacit authorisation applies where information has not been provided on whether it does apply, preventing a situation where there is a provision of a service despite authorisation not being granted.

Reduced barriers to market entry

65. In option 3, the amended regulations would ensure that application procedures do not in themselves prevent the fulfilment of requirements and that they allow for applicants to demonstrate whether they meet applicable requirements. Assuming such scenarios currently exist, this should prevent instances where barriers to market entry are hidden as they are impossible to meet in practice.
66. Under option 3, where the Regulations currently require that competent authorities can only take certain measures where justified by an ORRPI, it would be clarified that those measures must be appropriate to achieving the ORRPI. This would ensure that it is clearer when competent authorities can do (and not do) certain things under the Regulations, with competent authorities needing to be able to show the link between the measure and how an ORRPI will be achieved. This change could also result in increased competent authority awareness of the ORRPIs, reducing the chance of a measures being inappropriate.
67. Under option 3, the number of ORRPIs that can be relied on for certain provisions in the Regulations would be limited resulting in fewer circumstances in which competent authorities can use an ORRPI to justify measures. Information on the use of the ORRPIs is being sought as part of the consultation, in which respondents have been asked which ORRPIs they rely on, and which would be the most appropriate to keep. Results will determine the extent to which the circumstances for justification are limited.
68. Under option 3, the benefits of regulation 18 would apply to all types of authorisation schemes including those which require a service provider to notify a competent authority in order to exercise a service activity. This would lead to benefits in terms of ensuring that procedures or schemes requiring a service provider to notify a competent authority are clear, made public in advance, dealt with impartially, easily accessible and do not unduly delay the provision of a service.
69. Service providers in some of the excluded sectors would have access to a more comprehensive Find a Licence enabling better navigation of the regulatory landscape and understanding of the route required to provide a service.

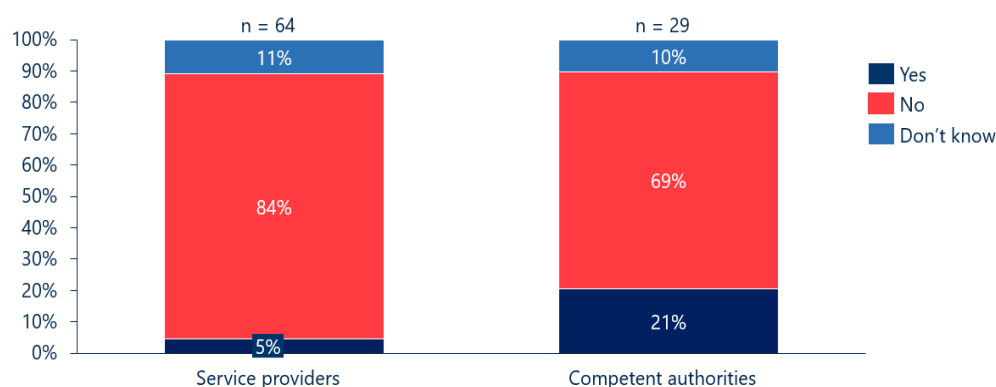
Smarter regulation

70. Under option 3, the scope of regulation 34 would also be broadened to no longer only apply to providers of a service who are carrying on a regulated profession and instead apply to all service providers. Therefore, all competent authorities would not be able

⁷ When an application is deemed to have been granted in the absence of a response within the period specified.

to impose a total prohibition on the use of commercial communication used by a wider scope of service providers. Additionally, it would be clarified that competent authorities cannot restrict use of a certain type of communication. As a result, there could be an increase in the available avenues for advertising for service providers helping to increase customer reach and business opportunities. However, there remains a large degree of uncertainty around the level of impact this reform will have. Previous interviews with stakeholders as part of the Regulations Evaluation Report, highlighted that most sampled competent authorities did not view restricting commercial communications as falling within their remit with 84 percent of surveyed service providers revealing they did not prohibit such communications. If consultation responses reveal that competent authorities do not currently prohibit the use of certain types of commercial communications in practice, the benefits to service providers following this reform will be limited.

Figure 3: Restrictions on the use of advertising and marketing communications (%)



Note: This is based on responses from a sample of 64 service providers questioned “Has a relevant regulator ever prohibited your business from sharing marketing and advertising communications with customers?”. A sample of 29 competent authorities were asked “Does your organisation currently place any of the following restrictions on authorised businesses or self-employed individuals under this scheme?” Source: Evaluation of the Provision of Services Regulations 2009, page 60.

Service recipients

Quality and price of services

71. Under option 3, increased accessibility to authorisation procedures for service providers and greater regulatory clarity could result in a reduction in barriers to competition for incumbent businesses. As competition incentivises businesses to improve the quality of service and lower prices, consumer surplus could increase with a greater range of services being supplied at a lower cost.

G. Risks and assumptions

72. The key assumptions used to estimate the impact of option 3 are outlined in the non-monetised costs and benefits section above. This section addresses the assumptions which are the most uncertain and will have the greatest impact on the overall impacts of the proposed reforms. As assumptions have been made throughout, such uncertainty is a key risk to this analysis. Some key risks are also identified below.

73. Consultation will be used to continue research and engage with stakeholders to gain greater confidence around the impacts of the proposed reforms and reduce the risk associated with analysis. However, there remains the risk that post consultation, key evidence gaps still exist with limited representative quantitative evidence available to best inform future policy decisions.

74. All assumptions at this stage have been made using the best available evidence. A key evidence source includes results from surveys and interviews carried out as part of the Regulations Evaluation Report. However, there are limitations to interpreting the findings from the research related to the sample size used and sampling methods. The response rate for both competent authorities and service providers is too low to extrapolate findings to the wider population. As a result, low response rates mean the findings should only be considered reflective of participating stakeholders and will be subject to additional consultation. Sampling bias also limits the ability to use evaluation findings to make inferences across the wider competent authority and service provider populations.
75. Survey research also collected quantitative data points relating to the time and resource requirements for stakeholders to comply with the Regulations. Results include the current time taken for service providers to provide the required information to service recipients and the time taken to apply for authorisation. Quantitative data on the time required for competent authorities to update online information and processes relating to authorisation schemes including documentation requirements is also collected. Although, the above limitations mean meaningful conclusions cannot be made using these findings. As a result, targeted questions will be asked at consultation to help fill key evidence gaps relating to the potential reduction in administrative burden for service providers and resource requirements for competent authorities.
76. It has been assumed that following the removal of the requirement for service providers to make contact details, prices and other information available to service recipients under option 3 such information will continue to be provided. It is possible that the removal of Part 2 of the Regulations would lead to a reduction in the relevant information being provided to service recipients. However, as outlined in paragraph 58, current compliance is rarely related to these Regulations but rather due to the objective of improving customer experience or attracting new customers. Further desk research also identified a potential overlap between these Regulations and other statutory requirements for service providers to make certain information available to recipients of a service. If consultation responses highlight that service providers will stop the provision of this information, the reduction in administrative burden on service providers will be greater than expected with a greater risk of reduced protection for recipients. However, we will reassess this proposal should a significant risk to consumer protection be identified.
77. There is limited understanding and evidence on the true cost to competent authorities of having to potentially provide a wider amount of information directly to the Secretary of State and to service providers and recipients upon request. There is a risk that this analysis could over- or underestimate the scale of extra administrative burden on competent authorities. Elements of this consultation ask for evidence from competent authorities on the anticipated time and cost required to comply with new obligations to be used in future appraisal.

H. Impact on small and micro businesses

78. The obligations in these reforms would mostly fall on regulators of service providers. These organisations range in size, as do the service providers they regulate.
79. Small businesses are defined in the better regulation framework guidance as those with between 10 and 49 full-time equivalent employees, and micro businesses as those with between 1 and 9 employees.
80. Under the Regulations, the current requirement for businesses to provide information to service recipients is likely to have a greater administrative burden on small and micro businesses who have less resource available to ensure provided details are sufficient and up-to date. Smaller firms are less likely to have in-house legal advisors

meaning more time is spent researching regulatory and administrative requirements. The removal of this obligation under option 3 would therefore be likely to benefit small and micro service providers proportionately more than larger service providers through lower administrative burden and reduced concern around non-compliance. Less time spent on researching requirements could be reflected in more time spent generating business revenue.

81. A more transparent application process would also benefit small and micro businesses proportionately more than larger ones. With fewer employees and in-house expertise, any time saving due to clearer guidance on the methods to apply for authorisation would likely be greater for smaller service providers. For example, in the case of a small and micro business (“SMB”) the individual who leads on the application process may be within a senior position of the organisation meaning the value of this saved time is greater.
82. Most of the impacts identified in this IA are anticipated to fall on competent authorities rather than on businesses. Given the anticipated benefits, the measures would have a positive impact upon micro and small service providers with no additional burden being imposed on businesses of all sizes. We therefore do not believe any mitigation is necessary to reduce the impacts on SMBs.

I. Wider impacts

83. Policy officials are actively considering the impact of these proposals and have completed an equality impact assessment in relation to how it might, or will, affect people with protected characteristics. This will be kept under review.

Competition impacts

84. Under option 3, multiple reforms have the anticipated benefit of strengthening the current provisions that require authorisation schemes to be proportionate and justified, and administered in an accessible and transparent way, as well as driving down administrative burdens on service providers. There is a broader potential indirect impact that the barriers to market entry for service providers are reduced through improved access to obtaining authorisation, hence increasing competitive pressure on incumbents.
85. Increased competition could encourage service providers to improve the quality of the services they provide as well as lower prices in order to attract more customers and expand market share. A competitive market could also incentivise businesses to further innovate existing operations.

Protection of service recipients

86. If the removal of Part 2 of the Regulations under option 3 resulted in changes to the information provided by service providers to customers, there could be negative implications on the protection of recipients of a service. The removed obligation to make contact details and other information on the provider available could, in particular, reduce the ease for service recipients to be in direct contact with businesses. Recipients may also no longer be able to obtain accurate, unbiased information about the services they purchase meaning they can no longer make the best choices based on their preferences. However, we will reassess this proposal should a significant risk to the protection of recipients be identified.
87. Under option 3, further clarification would be provided around what applicants can presume regarding the outcome of their application in a case of no response from a regulator. Competent authorities would be required to notify applicants where tacit authorisation applies preventing objectives such as the safety of service recipients being jeopardized due to administrative delay.

J. Monitoring and Evaluation

88. Under Option 3, we will explore establishing a system to support monitoring and evaluation of the Regulations to ensure compliance with the legislation. Through the consultation, we will seek stakeholder views on options that provide effective HMG oversight as how the Regulations are being implemented by competent authorities, as well as proposals to allow Government intervention where there are significant concerns regarding non-compliance. **Alongside this, we will:**
89. **Improve Central record keeping** – we will develop our current “Find a Licence” mapping, ensuring it is comprehensive and embedding it as the central repository of competent authority information on a cross-government basis. We will work with the Government Digital Service to build into the Find a Licence tool a means of identifying when information may be out of date (e.g., an automated email when an entry has not been updated in a certain amount of time). These systems will allow us to better identify when departments or competent authorities have not been engaged, particularly on the Find a Licence, and provide us with clear contacts to reach out to.
90. **Further embed the Regulations into the wider regulatory environment** – we will work with partners in government and relevant external stakeholders to ensure the Regulations are embedded in any communications and thinking relating to reforms to regulation where relevant. This will include ensuring references to the Regulations are made in relevant new or updated guidance (e.g., sector specific regulation guidance or the Better Regulation Framework). We will also engage externally to boost the profile of the Regulations; for example, we are already engaging with the new Institute for Regulation to ensure that the Regulations are reflected in the learning and development curriculum offered to their membership of professional regulators.