Third Meeting of the Trade Specialised Committee on Regulatory Cooperation: Minutes
Hybrid | UK Host | 6 November 2023 | 13:30 to 16:00 BST / 14:30 to 17:00 CET

1. Opening remarks and adoption of the agenda

The UK co-chair welcomed participants to the meeting. Both parties made an opening statement, noting the ongoing value of this forum. The provisional agenda as published in advance was adopted for the meeting.

2. Update on UK regulatory reform

The UK presented on updates to the UK Government's Smarter Regulation programme, including reforms to the Better Regulation Framework that was published on 19 September. The UK explained that Smarter Regulation aims to reform the existing stock of regulation to reduce burdens on businesses; put downward pressure on the flow of new regulation; and ensure regulators deliver the right outcomes for consumers. As part of this, new Better Regulation Framework was designed to encourage alternatives to regulation; bring earlier scrutiny of decisions to regulate; scrutinise regulation across a more holistic set of criteria than just costs to business; and place more focus on post-implementation reviews to understand if regulation is working. Next steps following the reforms were outlined noting that there is a transitional period for 12 months, until September 2024. This means that both the new and previous systems will run in parallel until September 2024 for new regulatory proposals.

As per Article 341 listing Devolved Administrations as regulatory authorities, the UK noted that the Scottish Government is undertaking separate Better Regulation initiatives. These include the establishment of a New Deal for Businesses Group, which is a forum for government and business leaders to explore ways to improve legislation.

The Parties then discussed specific elements of the Smarter Regulation programme.

3. Update on EU Better Regulation Communication

The European Commission presented updates to its Better Regulation agenda. The system focuses on regulatory burden reduction. The 2022 annual burden reduction survey was published in September. The application of the one-in-one out approach was meant to offset new regulatory burdens by reducing existing ones. It is focused on adjustment and administrative costs and it is based on better regulation tools rather than being applied in a mechanical manner.

The Commission's regulatory fitness and performance programme (REFIT) to make EU laws simpler and more targeted was monitored through the REFIT Scoreboard. There were 18 finalised evaluations under REFIT in 2022. The Fit for Future Platform, which contributes to REFIT, includes members of national, local and regional authorities and other stakeholders. It advises the Commission on burden reduction.

The Commission announced a strengthening of the SME dimension in the September communication and increased focus on competitiveness. An EU SME envoy will be appointed. The strategy introduced the new competitiveness check, which ensures that all impact assessments of legislative proposals present in an integrated manner the expected impacts on competitiveness. To reduce burden associated with reporting requirements, the Commission aimed to target inefficiencies without undermining policy objectives, building on input received by businesses themselves. It presented a series of significant initiatives in its work programme to reach the longer term aim to reduce by 25% such burdens. Work on this will continue in 2024.

The Parties then discussed specific elements of the Better Regulation Communication.

4. Improving accessibility of regulation through digitisation

The UK explained how it is collaborating with regulators to make regulations more machine-readable and more connected. One workstream relating to this purpose of improving the accessibility of regulation through digitisation is the development and implementation of the Open Regulation Platform (ORP). This is a data pipeline product for regulation documents, to connect regulations together in ways that meet user needs of businesses and people who need to comply with regulation. It was explained how the ORP will help with the cost and efficiency of compliance through smarter regulation; promote an open, transparent, and symbiotic relationship between UK Government, regulators, RegTech, and businesses; and accelerate and encourage downstream innovation by the RegTech community, and tools for policymakers developed in house. The UK emphasised that interoperability of data is important for delivering digital services and technology in an efficient and user-friendly way. Data standards can be an effective way of achieving this.

The Parties then discussed specific elements of the Open Regulation Platform. The UK agreed to share a demonstration video of the beta version of the ORP with European Commission officials. The UK welcomes contact from European Commission officials with an interest in recent progress.

5. Regulatory topics of mutual interest

(a) Burden reduction – streamlining and SMEs

The UK outlined measures the UK Government was taking to reduce the regulatory burden on SMEs, which make up 51 per cent of total business turnover. Late payments that could cause cash flow problems are being tackled through the Prompt Payment Code and the Office of the Small Business Commissioner.

A new set of measures following a review included taking forward legislation to extend payment performance reporting obligations, with new metrics for reporting; greater advice for SMEs on how to negotiate improved payment terms; and broadening the powers of the Small Business Commissioner to allow it to undertake investigations and publish reports based on anonymous intelligence. Additionally, the Smarter Regulation programme was helping the regulatory environment work better for SMEs by extending the presumption of

exemption from business regulation to those with up to 500 employees, among other measures.

The European Commission presented on its efforts to improve the business environment for SMEs. These include the systematic and proportional application of the SME test, in impact assessments. The test assesses impacts of policy options on SMEs, which could often be disproportionately affected by regulatory burdens. With the test, the Commission also focuses on mitigation of adverse effects such as by reducing inefficient reporting requirements. Consultation process helps SMEs to voice any concerns about upcoming regulations. The Commission also runs targeted consultations to ensure quality input.

The Parties agreed to exchange information on their respective SME impact assessment tests, and noted that the topic would be suitable for future Committees.

(b) Regulatory Approaches to emerging technologies, including sandboxing

The UK presented an overview on its regulatory approaches to emerging technologies, including an overview of the use of sandboxes. The recently established Department for Science, Innovation and Technology (DSIT) delivered an effective programme of work to stimulate pro-innovation regulatory reforms across the regulatory ecosystem. DSIT continues to sponsor the Regulatory Horizons Council (RHC) to provide independent expert advice to Government on areas where regulatory reform can support technological innovation. Furthermore, the UK provides strategic grant funding to regulators and local authorities via the Regulators' Pioneer Fund (RPF), supporting novel or experimental regulatory approaches to help develop a UK regulatory environment that encourages business innovation and investment.

The European Commission presented on its New European innovation agenda, which includes 25 actions to accelerate the development and scaling up of innovation and deep technology across the Union. The staff working document on Regulatory learning in the EU is part of those actions and covers regulatory and experimentation (including on regional level). Relevant EU initiatives to support innovation include the AI Act, interoperability improvements and digitisation in various sectors, broadening beyond financial services. Another action, the Innovation Friendly Regulations Advisory Group, has an anticipatory function that aims to ensure emerging technologies are fit for purpose within the regulatory framework.

The Parties agreed to exchange factual information including links to documents following the Committee, and noted that this topic would be suitable for future Committees.

7. Wrap up and conclusions

The co-chairs acknowledged the productive exchange on a number of issues. Both parties agreed to adopt the conclusions from the meeting and reflect them in these minutes. The EU would host the next meeting in a year in Brussels.

Attachment 1: List of participants

UK Delegation

- UK Co-chair of the Trade Specialised Committee on Regulatory Cooperation
- UK Government Officials (DBT, FCDO, DSIT)
- UK Government Officials from UK Mission to the European Union
- Scottish Government Officials
- Northern Ireland Executive Officials
- Welsh Government Officials

EU Delegation

- EU Co-chair of the Trade Specialised Committee on Regulatory Cooperation
- European Commission Officials (DG TRADE, RTD and Secretariat General)
- EU Officials from Delegation of the European Union to the UK
- Representatives of the EU Member States