

# The Pressure Equipment (Safety) (Amendment) Regulations 2024

<b>Lead department</b>	Department for Business and Trade – Office for Product Safety and Standards
<b>Summary of proposal</b>	The proposed regulations amend the safety requirements for placing UKCA-marked pressure equipment on the Great Britain market to allow the certifying of personnel, and appraisals of materials, to be carried out by relevant bodies based in the European Economic Area (EEA) in addition to those based in the UK.
<b>Submission type</b>	Impact assessment (IA) – 8 March 2024
<b>Legislation type</b>	Secondary legislation
<b>Implementation date</b>	2024
<b>Policy stage</b>	Final
<b>RPC reference</b>	RPC-DBT-OPSS-5338(1)
<b>Opinion type</b>	Formal
<b>Date of issue</b>	8 April 2024

## RPC opinion

<b>Rating<sup>1</sup></b>	<b>RPC opinion</b>
<b>Fit for purpose</b>	The Department explains that it has not monetised the EANDCB and the impacts are non-quantified, due to proportionality considerations, a lack of quantified evidence and the existence of commercial sensitivities. The IA would benefit from providing further justification for this and referencing throughout the IA, the permissive nature of the proposals. The IA would also be improved by more comprehensive discussion of business impacts and wider impacts including competition and innovation. As the measure is permissive, it is likely to be beneficial to small, micro and medium-sized businesses, although this is not evidenced in the IA, particularly in the context of the short timeframe involved.

## Business impact target assessment

<b>Department assessment</b>	<b>RPC validated</b>

<sup>1</sup> The RPC opinion rating is based only on the robustness of the EANDCB and quality of the SaMBA, as set out in the [Better Regulation Framework](#). RPC ratings are fit for purpose or not fit for purpose.

<b>Classification</b>	Zero - qualifying (unquantified IN or OUT)	Zero - qualifying (unquantified IN or OUT)
<b>Equivalent annual net direct cost to business (EANDCB)</b>	Not quantified	Validated as Zero (unquantified IN or OUT)
<b>Business impact target (BIT) score</b>	Not quantified	See above
<b>Business net present value</b>	Not quantified	
<b>Overall net present value</b>	Not quantified	

## RPC summary

<b>Category</b>	<b>Quality<sup>2</sup></b>	<b>RPC comments</b>
EANDCB	<b>Green</b>	The Department explains that it has not monetised the EANDCB and the impacts are non-quantified, due to proportionality considerations, a lack of quantified evidence and the existence of commercial sensitivities. This is also considered reasonable due to impacts occurring only in one year. The IA would benefit from providing further explanation as to why quantification is not possible given that pressure equipment is widely used across different sectors of the economy and why the benefits to business are likely to outweigh the costs. The IA would also be improved by more comprehensive discussion of business impacts.
Small and micro business assessment (SaMBA)	<b>Green</b>	The IA has used ONS SIC code data to establish the number of businesses that manufacture pressure equipment, broken down by business size. The measure is permissive and does not place regulatory costs on business, and therefore is likely to offer benefits to small, micro and medium businesses who need certification in 2024. However, it does not provide data on the number of businesses who require this certification process in 2024 before the CE mark extension comes into effect in 2025. Furthermore, the IA could benefit from discussing the cost to UK certification bodies from losing business and any mitigations.
Rationale and options	<b>Satisfactory</b>	The IA outlines the problem under consideration and how the proposal will address this. The IA could expand on the existing market failures to support the rationale for intervention and would also benefit from

<sup>2</sup> The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed [here](#).

		providing a fuller explanation behind the timing of the proposal in light of the entry of force of the CE mark extension in 2025.
Cost-benefit analysis	<b>Weak</b>	The IA has provided little cost-benefit analysis, except for familiarisation costs for businesses. The IA would benefit from providing any indicative estimates for the costs and benefits expected from the measure.
Wider impacts	<b>Weak</b>	The IA provides a brief description of the wider impacts associated with the proposal, including the pass down impacts to consumers and trade impacts. The IA needs to provide more evidence to support the statements made. The IA would also benefit from a substantive discussion of the impacts on competition, innovation and trade.
Monitoring and evaluation plan	<b>Satisfactory</b>	The Department plans to utilise stakeholder engagement and data collection to measure the success of the policy. The IA could be improved by including further detail on the nature of this data and the methods for its collection. The IA could also benefit from identifying how the causality between the proposed measure and data will be established. According to the Retained EU Law Act, a post-implementation review (PIR) is not required for this regulation.

## Summary of proposal

Essential safety requirements set out in The Pressure Equipment (Safety) Regulations 2016 that personnel and materials used in the early stages of manufacturing can only be certified by bodies based in the UK are creating short- and long-term problems for pressure equipment manufacturers intending to place United Kingdom Conformity Assessed (UKCA) marked equipment on the Great Britain (GB) market. In the long term, these unresolved supply chain issues place extra costs on pressure equipment manufacturers, reducing the ability of UK businesses and consumers to purchase pressure equipment required for domestic industries, workplaces, and homes. This can only be resolved by an amendment to the Regulations.

This policy amends the essential safety requirements for placing UKCA marked pressure equipment on the Great Britain market to allow the certifying of personnel and appraisals of materials, to be carried out by relevant bodies based in the European Economic Area (EEA) in addition to those based in the UK. This will ease friction in the supply chains in this sector, without reducing safety.

The department considers two options within the IA:

- **Option 0: Do nothing:** personnel and materials required for the early stages of manufacturing pressure equipment intended for placing on the GB market will require certifying by only UK based assessment bodies.
- **Option 1 (preferred option): recognition of certification from EEA based bodies:** this would widen choice and remove unnecessary barriers on the supply chain without compromising safety.

Implementation of Option 1 closes a gap that has emerged in current transitional provisions ahead of the CE recognition extension policy implementation, which is due in January 2025. The impacts associated with the CE extension legislation have been drafted as a separate IA.

The Department has not monetised the EANDCB for the proposal, and the impacts are non-quantified. The IA states that this is due to proportionality considerations, a lack of quantified evidence and the existence of commercial sensitivities.

## EANDCB

### Assessment of business impacts

The Department has not monetised the EANDCB for the proposal, and the impacts are non-quantified. It is assumed the EANDCB is therefore below the de minimis threshold. The IA states that the lack of monetisation is due to proportionality considerations, a lack of quantified evidence and the existence of commercial sensitivities. The Department's approach of not quantifying the EANDCB is considered reasonable and proportionate (as explained in the section below), although the IA could have benefitted from providing some further justification in the IA for why the EANDCB is non quantified.

For example, the Department has monetised the familiarisation costs associated with implementing Option 1. The IA would benefit from further justifying why these monetised estimates have not been included in the EANDCB calculation. Although the IA states that the number of businesses in scope are uncertain, the IA would have benefitted from including these costs, perhaps with sensitivity analysis to mitigate this uncertainty.

### Proportionality considerations

The Department's approach of not quantifying the EANDCB is overall considered reasonable and proportionate, as the proposal is likely to be net beneficial to business, there are difficulties in quantification and the fact that significant impacts will only occur in one year before wider arrangements come in.

The EANDCB approach is firstly proportionate as this IA sets out the short term impacts of a measure to close a gap ahead of the CE recognition extension policy. The IA states that the majority of the benefits of this proposal will mostly only be reaped during the period from implementation until the end of 2024 (one year), whereby then the CE extension will be implemented and most of the benefits from

that point onwards will be the result of that legislation. Therefore, as the benefits only occur in 2024, it is likely that the non-quantified EANDCB is considered reasonable to avoid double counting across the two legislations.

Furthermore, as the measure appears to be permissive in nature, with businesses choosing to use certification from EEA based bodies when it is beneficial to do so, it is reasonable to assume that in the absence of monetisation of impacts, the benefits are likely to exceed the costs.

However, the Department would have benefitted from clarifying these points to further justify the non-quantified EANDCB in the IA. In particular, the Department could have clarified whether they expect there to be net benefits, and if these are below the de minimis threshold. Otherwise, the EANDCB could still be calculated to reflect any net positive benefits.

The EANDCB is also not quantified due to difficulties in quantification. These difficulties include uncertainties around the number of businesses in scope and commercial sensitivities with identifying the scale of the impacts. The IA would be strengthened by providing further explanation as to why quantification is not possible, especially given the Department argues that the proposal is likely to be net beneficial to business despite not being able to quantify the impact. The IA would also benefit from outlining steps the Department has taken to obtain data. For example, the IA notes data on UK certification bodies is not available but would benefit from explaining how the Department has attempted to collect this data, including engagement with certification bodies.

### **Non-monetised impacts**

The IA provides a qualitative assessment of the non-monetised business impacts from implementing the measure, including the benefits of removing delays and accessing new materials. In the absence of monetised impacts, the IA would benefit from qualitatively detailing the different ways that businesses might respond to the proposal, using the results from stakeholder engagement. For example, it would be beneficial to know whether businesses are likely to use the legislation and obtain certificates from EEA bodies or wait for the CE recognition extension or pay for dual certification. Equally, the IA would benefit from clarifying if the removal of delays benefit refers to the delay in supply chains from businesses securing certification from UK based assessment bodies, or the delay that occurs from businesses waiting for the CE recognition extension.

## **SaMBA**

In order to identify the number of small, micro and medium sized businesses that will be impacted by the proposal, the IA has used ONS SIC code data (matched to the description of the corresponding regulations) to establish the number of businesses that manufacture pressure equipment, broken down by business size. This shows that most of these businesses are micro or small businesses.

The IA states that it is not possible to exclude SMBs as it would place them at a disadvantage relative to large businesses, and that there is limited information on

whether these small and micro businesses (SMBs) will face disproportionate burdens. This is supported by the fact that the measure is permissive and does not place regulatory costs on business, and therefore is likely to offer benefits to small, micro and medium businesses who need certification in 2024.

However, there will still be an opposing cost imposed by UK certification bodies from losing business and the IA would benefit from providing any indicative estimates of the size and scale of this potential cost, and if it disproportionately affects any SMBs or medium sized businesses, and any potential mitigations for this impact.

## **Rationale and options**

### **Rationale**

The IA outlines the problem under consideration, stating that the current regulations, where pressure equipment materials can only be certified by bodies based in the UK creates short- and long-term problems for pressure equipment manufacturers, such as adverse supply chain issues and increased costs. The proposal will address these problems by ensuring that competent bodies certifying personnel and materials can be based either in the UK or the European Economic Area.

The IA states that without the policy, there is a risk of long-term undersupply of labour and materials for the manufacture of pressure equipment intended for the GB market but could expand on these market failures to support the rationale for intervention. Equally, the rationale could be strengthened by including international comparisons, explaining the requirements for other countries and how this impacts their manufacturing processes across different trade blocs. The IA would also benefit from providing an explanation behind the timing of the proposal, and justifying why it needs to be implemented now, when it will expire in less than a year. Given the rationale behind the proposal is to avoid the delay of projects, the IA would benefit from explaining how many of the businesses in scope of the regulation are likely to be affected by the potential delay.

The IA includes some detail on the Conformité Européenne (CE) extension but would have benefitted from providing further background information on how this recognition is currently in place alongside UKCA requirement (and will continue to be after the extension in 2025), as it is not clear for a lay reader. The IA would also benefit from providing a sense of scale of the proportion of the businesses in scope which have already begun using UKCA marking, or justification for why this data is not available.

### **Options**

The IA considers one option against a do-nothing option. The IA does not consider a non-regulatory option, stating that the issue being addressed is a regulatory inflexibility and a regulatory matter.

## Cost-benefit analysis

The IA has provided little cost-benefit analysis, except for familiarisation costs for businesses. As mentioned in the EANDCB section, in the absence of monetised impacts, the IA would benefit from providing any indicative estimates for the costs and benefits expected from the measure. This could be obtained using data or case studies from before December 2020 to indicate the possible costs and benefits associated with EEA-based bodies issuing certificates.

## Wider impacts

The IA provides a brief description of the wider impacts associated with the proposal, including the pass down impacts to consumers and trade impacts. This section of the IA is underdeveloped and relies on stakeholder feedback which is not well evidenced.

### *Competition and innovation*

The IA states that the proposal will give businesses that manufacture pressure equipment greater access to the later materials, thereby making them more competitive and allowing them to innovate. The IA would benefit from expanding on this impact and the way that the proposal will have an impact on innovation, detailing the ways in which businesses will be able to innovate within the limited timeframe leading up to the CE extension. The IA states that the proposal will change business practises in the pressure equipment industry, and improve the current manufacturing process, implementation of the proposal could potentially increase the supply of pressure equipment materials and labour in the UK market and the regulation could affect the way manufacturers currently compete with each other. The IA would benefit from clarifying this point in the context of the limited timeframe before the CE extension.

### *International trade*

The IA provides trade data for UK pressure equipment, showing that the UK has regularly been a net importer of pressure equipment over the past 5 years, and is reliant on the EU for pressure equipment products. The IA should provide further context behind this data, using it to explain how the proposal might impact the future value of pressure equipment trade and how the import data supports implementation of the proposal.

## Monitoring and evaluation plan

The IA states that monitoring and evaluation will focus on the short and long term impacts of the proposal, and the Department plans to utilise stakeholder engagement and data collection to measure the success of the policy.

The Department states that it will focus stakeholder engagement on the main impacts expected from the proposal (a reduction in trade frictions and costs for businesses) and will use surveys, roundtables and case study assessments to conduct this engagement. The IA also sets out some high-level metrics that could be used to evaluate the success of the policy and states that internal and external data sources (including data provided by ONS and HMRC) will be used to monitor the measure. The IA could be improved by including further detail on the nature of this data and the methods for its collection, especially given the issues with data availability and sensitivities as stated in the IA. This could include presenting examples of the existing datasets and setting out the timeframes for this exercise.

The IA could also benefit from identifying how the causality between the proposed measure and data will be established, as it is not clear how it will be possible to directly associate any data collection with the proposal given difficulties with establishing a counterfactual. This will allow the department to accurately evaluate the effectiveness of the proposal and measure the success of the objectives. The IA would also benefit from discussing any external factors that may impact the success of the policy, such as unpredictable business behaviour and reactions.

According to the Retained EU Law Act, a post-implementation review (PIR) is not required for these proposed amendment regulations. Therefore, the Department does not commit in the IA to conducting a PIR. Whilst there is no statutory commitment to a PIR, the Department should, nevertheless, consider the benefits of conducting one to inform the policy process.

## Regulatory Policy Committee

For further information, please contact [regulatoryenquiries@rpc.gov.uk](mailto:regulatoryenquiries@rpc.gov.uk). Follow us on Twitter [@RPC\\_Gov\\_UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](#) or consult our website [www.gov.uk/rpc](http://www.gov.uk/rpc). To keep informed and hear our views on live regulatory issues, subscribe to our [blog](#).