# Options assessment

…

Title:

…

Type of measure:

…

Department or agency:

…

IA number:

…

RPC reference number:

…

Contact for enquiries:

…

Date:

This template is provided as a guide to show the information which the RPC will expect to see in an options assessment. Using this form is recommended, but not mandatory, for submitting your options assessment. The form can be adjusted as necessary.

If your measure is to be submitted for RPC scrutiny using this template, you should complete the whole form as much as you are able, given the state of policy development and available evidence. This should include the regulatory scorecard with quantified business impacts, even if this is just the best estimate at this stage. Other impacts may be left unquantified at this stage, including household impacts where quantification may not always be proportionate at this stage. When complete, the whole form should be submitted to the RPC secretariat. **This form is not expected to be published.** **Please include annexes for supporting material where relevant.**

## 1. Summary of proposal

Summary of proposal

## 2. Strategic case for proposed regulation

(see Green Book Ch 3.2, 4)

Description of policy problem and overall rationale for intervention:

* What is the problem under consideration?
* What evidence is there to support the problem statement?
* Why is government action or intervention necessary?
* What gaps or harms would occur if government doesn’t intervene?
* If applicable, has a post-implementation review of the existing regulation been undertaken. If so, what were its findings and how does the information the rationale? If not, why not? Has there been evaluation of any previous regulation in this area?

## 3. SMART objectives for intervention

* What are the policy objectives of the action or intervention and the intended effects?
* What are the intended outcomes of intervention?
* Can these be described in a specific, measurable, achievable, realistic and time-limited (SMART), or similar, way?
* Are there any other indicators of success that should be considered?
* How do these objectives align with HMG objectives, for example around growth?

## 4. Description of proposed intervention and explanation of the logical change process whereby this achieves SMART objectives

* Set out a brief description of the preferred option and explain how it achieves the objectives
* Is this an extension of an existing regulation, or otherwise applies tried-and-tested methods?
* Please provide a logic model, theory of change, or similar process map showing how the preferred option will achieve the objectives

## 5. Summary of long-list and alternatives

(see Green Book Ch 4. Long list options may be removed prior to publication of the final impact assessment where it may not be appropriate to include them)

* Summary of long-listing appraisal; please show how the process moved from a long list to a short list
* Include a description of alternatives considered and why they were discarded
* SaMBA and medium-sized business scope: include evidence for how you assessed whether small and micro businesses should be in scope of this policy, as well as a separate assessment for medium-sized businesses of between 50 and 499 employees
* To avoid duplication you do not need to include short list and preferred option which should be covered elsewhere.

## 6. Description of shortlisted policy options carried forward

* Summary of shortlisting appraisal; please show how the process moved from a short list to a preferred way forward. This is the place to set out the assumptions and calculations of your cost benefit analysis of the options, to compare them and identify the preferred way forward.
* SaMBA and medium-sized business impact: does the preferred way forward have an especially high impact on small and micro businesses? Separately, the same question for businesses with between 50 and 499 employees? At OA stage this can be a broad estimate, but should be further developed for final IA
* SaMBA and medium-sized business mitigations: If SMBs are in scope and the impacts on them are expected to be disproportionate please indicate the planned mitigations. Likewise for medium-sized businesses.
* To avoid duplication you do not need to include the preferred option, as it should be covered elsewhere

## 7. Regulatory scorecard for preferred option

Please provide quantitative estimates and qualitative descriptions of impacts under each heading in the following sections. The right hand column for directional ratings should be based on the description of impact and the sign of the suggested indicator (NPV, NPSV, all impacts): **Green** – positive impact, **red** – negative impact, **amber** – neutral, negligible, or no impact, **blue** – uncertain impact. Please use the colours in the examples shown below, as these are suitable accessible colours. Please see BRF guidance technical annex for definitions.

### Part A: Overall and stakeholder impacts

|  |  |  |
| --- | --- | --- |
| **(1) Overall impacts on total welfare** | | **Directional rating**  **Note: Below are examples only** |
| **Description of overall expected impact** | Provide a qualitative description of the overall expected impact of the regulation on social welfare. Where this is driven by groups other than businesses or households, please specify. | **Uncertain**  **Based on all impacts (incl. non-monetised)** |
| **Monetised impacts** | Total £ NPSV (with ranges)  Add separate lines for large impacts which net off  Please list any significant monetised costs/benefits not covered below | **Negative**  **Based on likely £NPSV** |
| **Non-monetised impacts** | Please list any significant non-monetised costs/benefits not covered below | Choose an item. |
| **Any significant or adverse distributional impacts?** | Yes/No  If there are distributional impacts not flagged below for businesses and households, please specify. | Choose an item. |

|  |  |  |
| --- | --- | --- |
| **(2) Expected impacts on businesses** | | |
| **Description of overall business impact** | Provide a qualitative description of the expected impact on business | Choose an item. |
| **Monetised impacts** | Business NPV (if available) £ Approx net financial cost to business EANDCB £ of which admin costs £  Please indicate if pass through to households has been deducted from these figures  Please indicate any pass through costs from households to business (if available) £ | **Neutral**  **Based on likely business £NPV** |
| **Non-monetised impacts** | Please list any significant non-monetised costs/benefits | Choose an item. |
| **Any significant or adverse distributional impacts?** | Yes/No   Provide a short description of impacts on the following groups, especially if the impacts are disproportionate and how the policy seeks to mitigate these:  Specific business sectors  Regional impacts  Please note SaMBA impacts and mitigations are covered in sections 5 and 6 above as this is red-rateable. | Choose an item. |

|  |  |  |
| --- | --- | --- |
| **(3) Expected impacts on households** | | |
| **Description of overall household impact** | Provide a qualitative description of the expected monetary impact on households (or individuals if more appropriate) directly impacted by the regulation | Choose an item. |
| **Monetised impacts** | Household NPV (if available) £  Approx net financial cost to household EANDCH (if available) £ of which admin costs £ Please indicate if pass through to businesses has been deducted from these figures  Please indicate any pass through costs from business to households (if available) £ | **Positive**  **Based on likely household £NPV** |
| **Non-monetised impacts** | Please list any significant non-monetised costs/benefits | Choose an item. |
| **Any significant or adverse distributional impacts?** | Yes/No  Provide a short description for impacts on the following groups and how the policy seeks to mitigate these: Low income Other impacted groups Regional | Choose an item. |

### Part B: Impacts on wider government priorities

|  |  |  |
| --- | --- | --- |
| **Category** | **Description of impact** | **Directional rating** |
| **Business environment:**  Does the measure impact on the ease of doing business in the UK? | In the round, do you expect the measure to impact on ease of doing business in the UK? Key considerations may include:   * the impact on the attractiveness of the business environment * the impact on barriers to entry * market concentration and competition * the impact on foreign investment * the scope for businesses to bring innovative products and services to market. | **May work against** |
| **International Considerations:**  Does the measure support international trade and investment? | Does the regulation impact on international trade by either directly or indirectly reducing or imposing barriers to exports or imports?  Does the regulation impact on international investment? Has evidence been gathered to understand international best practice and have international impacts been considered?  If trade and investment impacts exist, note that there may be WTO, FTA or broader international obligations applicable. See guidance in evidence base. | **Uncertain** |
| **Natural capital and Decarbonisation:**  Does the measure support commitments to improve the environment and decarbonise? | Provide a summary of whether the measure will help to improve the state of [UK natural capital](https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-governent/the-green-book-2020#a1-non-market-valuation-and-unmonetisable-values) and decarbonisation of the economy (noting these may differ).  Where the measure is expected to significantly the environment or [greenhouse gas emissions](https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal) provide quantitative estimates where possible.  All policies, where relevant, must have due regard to the [Environmental Principles Policy Statement](https://www.gov.uk/government/publications/environmental-principles-policy-statement/draft-environmental-principles-policy-statement), and demonstrate how the policy will affect the achievement of the [legally binding Environment Targets](https://consult.defra.gov.uk/natural-environment-policy/consultation-on-environmental-targets/supporting_documents/Environment%20Targets%20Public%20Consultation.pdf) set out in the Environment Act. | **Neutral** |

## 8. Monitoring and evaluation of preferred option

Please give a high-level description of when and how the post-implementation review will be carried out, including data to be collected, impacts which will be assessed and policy outcomes to be measured.The questions below are not intended to be a prescriptive nor exhaustive list of areas to cover in the initial plan. Rather, as evidence emerges through the development of the preferred option, areas that were less developed in the initial plan (e.g., changes in markets/sectors that might change the preferred option) can be developed for a final-stage IA.

* When do you intend to carry out a post-implementation review of the policy (maximum 5 years)? What is the rationale for choosing this date?
* How will the impact of the new arrangements be monitored? What are the main external factors that will have an impact on the success of the intervention?
* How will you assess whether the original objectives have been met, or whether the intervention should be amended? This might include any indicative questions to be answered [see p.31 of the Magenta Book for further guidance].
* How might you assess whether there have been unintended consequences for businesses or households? This includes any disproportionate or unexpected administrative costs.
* What are the monitoring and evaluation provisions in place for any existing/related regulatory measures, and how can they maintain the appropriate flexibility?
* Are there any existing sources of data that could be used to inform the review? Are there any known issues with accessing or collecting the data that is required?
* What circumstances/changes in the market or sector would require the policy to be reviewed sooner or change the preferred option?

## 9. Minimising administrative and compliance costs for preferred option

Please state how you intend to minimise the administrative burdens of complying with the regulation. This should include burdens on businesses and people. It should include factors such as time taken for familiarisation, filling in forms, reporting requirements etc.

## Declaration

…

Department:

Contact details for enquiries:

…

…

Senior responsible officer:

I have read the Options 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.

Sign here

Signed:

Date:

Date

## Summary: Analysis and evidence

# For Options Assessment, it is not a requirement to complete all the below, but please complete as much as you can where possible.

### Price base year:

### PV base year:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| This table may be reformatted provided the side-by-side comparison of options is retained | **1. Business as usual (baseline)** | **2. Do-minimum Option** | **3. Preferred way forward (if not do-minimum)** | **4. More ambitious preferred way forward** | **5. Less ambitious preferred way forward** |
| **Net present social value**  (with brief description, including ranges, of individual costs and benefits) | … | … | … | … | … |
| **Public sector financial costs**  (with brief description, including ranges) | … | … | … | … | … |
| **Significant un-quantified benefits and costs**  (description, with scale where possible) | … | … | … | … | … |
| **Key risks**  (and risk costs, and optimism bias, where relevant) |  |  |  |  |  |
| **Results of sensitivity analysis** | … | … | … | … | … |