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**Independent Scrutiny in the UK
The Regulatory Policy Committee**

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The Regulatory Policy Committee (RPC)

- An independent advisory body providing external, real time scrutiny on the quality of evidence and analysis for government regulatory proposals whether domestic, European or international in origin.
- Eight Committee members including two economists
- Committee appointed by open public process
 - independent of government
 - work on a part-time basis
- Opinions agreed through continuous correspondence
- The Committee does not comment on policy

Who is the RPC?

- Committee members with a wide range of experience and expertise
 - Michael Gibbons, Chair Consultant Energy Sector, Business
 - Sarah Veale Trades Union Congress – Union
 - Martin Traynor British Chambers of Commerce – Business Group
 - Jonathan Cave Academic, Professor of Economics – Academic
 - Jeremy Mayhew Adviser / Councilman – Public/Private Sector
 - Alex Ehmman Large Business – Business
 - Nicole Kar Corporate / Regulatory lawyer – Business
 - Ken Warwick Consultant – Economist
- Supported by a Secretariat of 15 civil servants
 - Policy officials with experience from across Government
 - Government economists

Members of the Regulatory Policy Committee



Michael Gibbons OBE



Sarah Veale CBE



Martin Traynor OBE



Alexander Ehmann



Jeremy Mayhew



Ken Warwick



Jonathan Cave



Nicole Kar

Key elements of the RPC Mandate (2010-2015)

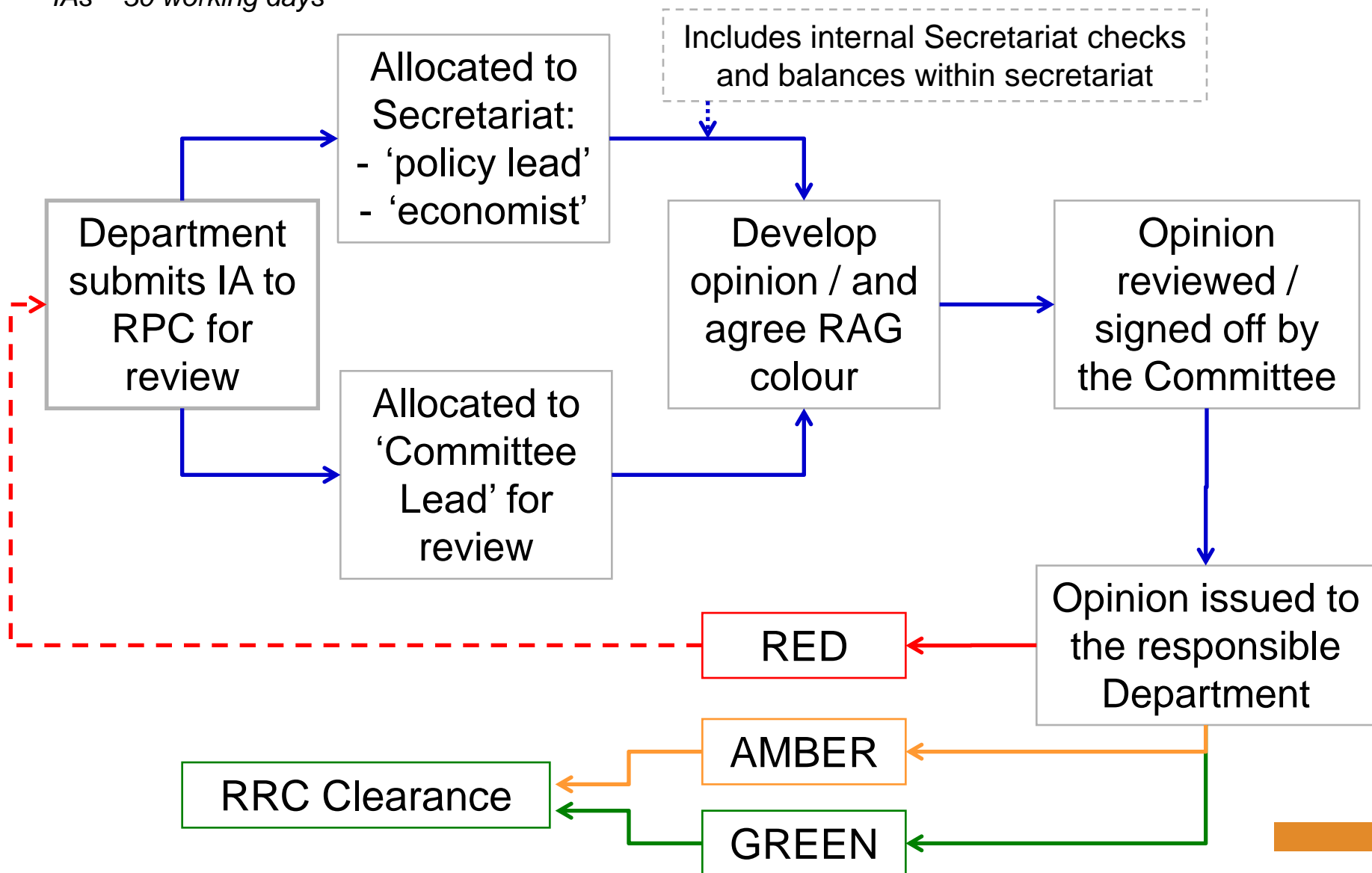
- The RPC will:
 - **provide expert, independent, and impartial advice on the quality of analysis and evidence** supporting new regulatory and deregulatory proposals
 - **scrutinise and comment on the analysis supporting calculations relating to Equivalent Annual Net Cost to Business**, where a regulation is within the scope of the One-in, One-out rule
 - **provide their opinion on the above aspects to the Minister responsible for policy proposals and the Minister for Better Regulation** in advance of policy decisions, clearly stating whether the Committee considers that the analysis provided in support of regulatory proposals is fit for purpose, and
- The RPC is mindful of respecting **the prerogative of Ministers in setting policy objectives and deciding between policy options**

RPC and 'One-IN, One-OUT' / 'One-IN, Two-OUT' (2010-2015)

- Validating the direction of regulatory proposal – an 'IN' or an 'OUT'
- Validating that the size of the 'IN' or 'OUT' being claimed is robust and in accordance with the 'One-IN, Two-OUT' (OITO) Methodology
 - If an 'OUT' is overestimated, business will be exposed to greater regulatory burdens in the future than it *actually* has had removed from it today
 - If an 'IN' is underestimated, business will receive a smaller benefit in the future to compensate for the burden now

RPC Scrutiny (2010-2015)

IAs – 30 working days



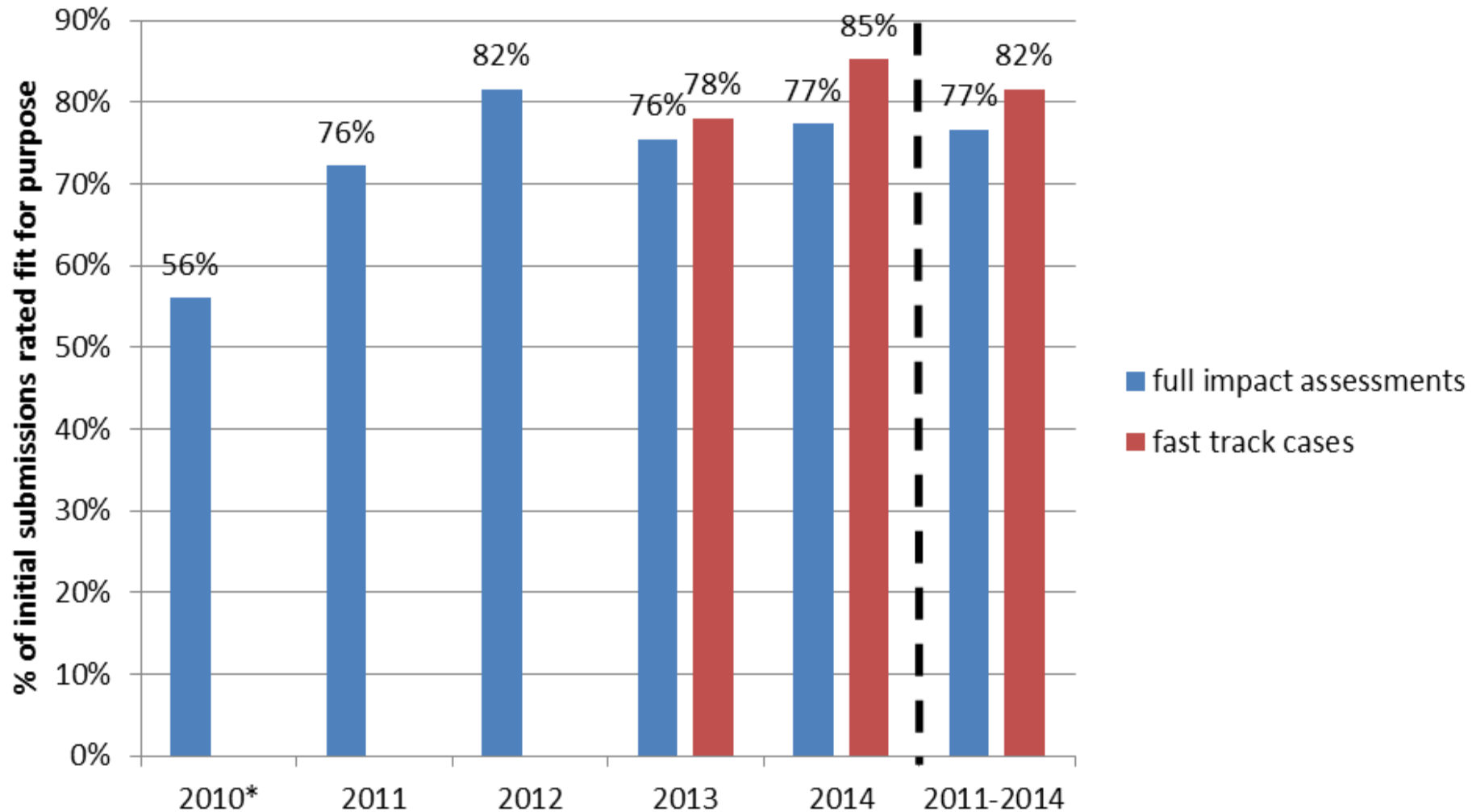
‘RAG’ Ratings

- All Opinions have included a Red, Amber or Green flag;
 - **RED**: The IA is ‘Not Fit for Purpose’. Major concerns over the quality of the evidence and analysis and overall quality of the IA that ***must/need to*** be addressed.
 - **AMBER**: The IA will be ‘Fit for Purpose’, provided the department addresses the points set out in the opinion. The RPC will set out areas of concern with the IA which ***should*** be resolved so as to improve its contribution to the final decision made. (Only used at consultation stage)
 - **GREEN**: The IA is ‘Fit for Purpose’. No significant concerns or some minor issues where the IA that ***could*** be improved to deliver greater clarity or to aid understanding
- Ministers have said that any IA receiving a RED Opinion must be amended and resubmitted to the RPC for a new ‘Fit for Purpose’ Opinion prior to submission to RRC

Small and Micro Business Assessment

- In addition to scrutinising the quality of impact assessments as a whole, the Government introduced specific focus and assessment on the impact on smaller businesses
- Small and Micro Business Assessment (SaMBA)
 - As part of the review of an impact assessment, the RPC provides an assessment of the quality of the SaMBA:
 - Default position that small and micro-businesses will be exempt from the requirements of domestic proposals for regulation
 - Where exemption is demonstrated not to be possible – robust evidence is required to show that all possible steps have been taken to mitigate any disproportionate impact on small and micro-businesses
- The RPC can RED an impact assessment on the basis of the SaMBA alone

Departmental Performance



Streamlining the system

- In Summer 2012, the Reducing Regulation Committee (RRC) approved changes to the system for RPC scrutiny. Aims are to:
 - Speed up simplification measures, including those agreed through Red Tape Challenge (RTC) process.
 - Introduce a more proportionate approach focused on regulations with most impacts on business and civil society organisations
 - Simplify the RPC ‘Red / Amber / Green’ rating system at final stage.
- The changes came into effect on 15th August 2012.

RPC EU Activity – RegWatchEurope

- In addition to the RPC, there are four other independent scrutiny bodies across the EU
 - **Netherlands (Dutch Advisory Board on Regulatory Burden, ACTAL)**
 - **Germany (National Regulatory Control Agency, NKR)**
 - **Sweden (Swedish Better Regulation Council, Regelrådet)**
 - **Czech Republic (Regulatory Impact Assessment Board, RIAB)**
- Work collaboratively as “**RegWatchEurope**” to influence the European Institutions – keen to see a single independent scrutiny body at the European level.
- Welcome steps taken in Iceland and Norway to establish independent scrutiny bodies.
- In France, the '*Conseil de la Simplification*' published its report containing 50 simplification measures - the first recommendation establishes a panel of 7 independent experts:

“The impact on businesses of any change in regulations or legislation will be quantified by independent experts, [or] representatives of the business community, and each new cost will be offset by a reduction at least equivalent to it.”

- Welcome the publication of the European Commission’s Better Regulation Package and the proposal for an Inter-institutional Agreement.

RPC Achievements

- Overall increase in the quality of impact assessment and analysis
- Of approximately 2,000 IAs submitted to the RPC for scrutiny on 1,200 discrete, the UK Government has gone forward with policy proposals that received a red opinion on (only) 14 occasions
- We estimated that our scrutiny has led to a difference between the net cost to business initially claimed by departments, and those finally published since 2010 is approximately £600 million each year
- The role of the RPC has been expanded since its formation in 2009 to include responsibilities for beneficial scrutiny in number of other areas
- The main business groups and a number of civil society organisations, including the Trades Union Congress (TUC), support the work of the RPC
 - value in ensuring the Government brings forward only new regulation that is supported by a robust evidence base
 - keeping the Government accurate in its claims about the savings to business generated by ‘One-in, One-out’ and ‘One-in, Two-out’

Conclusions: Potential Benefits of Independent Scrutiny

- Independent assessment can form the backbone of domestic better regulation frameworks. In particular with regard to
 - improve impact assessment quality
 - achieve culture change in departments
 - counter risk of regulatory bias
 - involves external expertise e.g. on impact assessments, practical regulatory experience
- Independent verification of the estimates of costs and benefits that regulatory proposals may have on business enhances the credibility of Government achievements
- Presents stronger challenge to Ministers
 - need for strong political commitment to any better regulation framework.
 - commitment by Ministers to take account of the opinions of an independent scrutiny body.
 - can help facilitate discussion within Government and Parliament

Conclusions: Potential Benefits of Independent Scrutiny

- Transparency
 - more likely to make issues transparent to stakeholders
 - RPC publishes all opinions on published impact assessments
- A number of other countries have, or are in the process of, introducing specific and challenging frameworks in place to minimise the burden of regulation, and simplify the impact of legislation on business, the State and citizens.
 - A number of which includes independent scrutiny / assessment bodies

Forward look

- The Small Business, Enterprise and Employment Act places the government under an obligation to publish a ‘business impact target’ for the economic impacts of new regulation on business and civil society organisations, and have performance under the target independently validated.
 - July 2015 – RPC has been appointed as the ‘Independent Body’ with the Statutory Duty to verify all qualifying measures for the business impact target
- Secretary of State for Business announces target to reduce the burden on business by £10 billion over the life of the next Parliament
- The scope of UK better regulation to include regulators