

Regulatory Reform in the UK - Measuring Administrative Burdens

Karen Hill

Better Regulation Executive

Department for Business,

Enterprise and Regulatory Reform

Beijing 28 March 2008

Admin burden measurement: context

- Well developed better regulation agenda e.g. RIAs, but no specific focus on admin burdens
- BRTF report “Less is More” stated ‘what gets measured gets done’
- Published at same time as Hampton report – focus on inspection and enforcement
- Separate but parallel and consistent exercises:
 - Tax and customs
 - Financial services
 - Rest of government

Introduction

- Measurement and simplification planning between May 2005 and Dec 2006
- Measurement results published with first simplification plans December 2006
- Plans published for 19 departments
- Over 500 simplification measures and over £2bn of savings identified in year 1
- Year 2 Plans published in December 2007 – over 200 measures delivered
- Commitment to reduce by 30% requests for information from public sector staff

Key points about the Standard Cost Model

- **Pragmatic** framework for measuring costs
- **Indicative** - not statistically representative but a means to an end: reductions in burdens
- Provides **consistent** baseline for setting targets and focusing reduction efforts
- Rapidly growing international use, including EU and OECD, and effective **SCM network**

Main measurement exercise: context

- Politically driven timescales – one year from start to finish
- 16 departments centrally led – plus HMRC and Financial Services Authority
- Limited information at start – number of regulations, populations etc
- Covered businesses, charities and voluntary sector

Main measurement exercise: approach

- Work to adapt SCM for use in UK
- Departments identified regulations summer 2005
- Central procurement exercise - PwC appointed September 2005
- Mobilisation and mapping (legal and process) September to November 2005
- Fieldwork between October 2005 and April 2006
- Departmental reports with measurement outcomes April to July 2006

A sense of scale...

- 20,000 Information Obligations measured
- Over 90% of baseline (by cost) measured by direct engagement with business
- Over 75% through engagement with small & medium sized enterprises
- Over 8,500 interviews and over 200 expert panels
- At peak over 700 PwC people, over 300 in departments and up to 23 in BRE team

Lessons learnt

- More time for preparatory work
- Better departmental buy-in from outset at top level
- More prioritisation and be realistic
- Strong project and resource planning
- Have a clear implementation plan
- Manage departments' expectations of the extent of their involvement
- Allow time to sanity check numbers before they go anywhere
- Support of business stakeholders is essential

What we did differently...

- Centrally led exercise to ensure consistency and drive measurement to tight timescales
- One supplier worked across government
- More telephone interviews and focus groups rather than face-to-face interviews
- Inclusion of business representatives at every stage of the project
- Developed methodology for identifying 'business as usual' costs to reach the real burdens
- Central database and modelling tool

Business as usual costs

- Pressure from departments and business to identify BAU costs
- HMRC measurement excluded BAU costs in line with NL tax department
- Methodology developed designed to be:
 - Credible, pragmatic and as open as possible
 - Consistent across departments;
 - Approved by business stakeholders – independent panel to review outcomes
- Net costs agreed
- Enables focus on delivering meaningful outcomes

Measurement results

Administrative costs

£25.2bn (€37.8bn)



Admin burdens (excluding Business As Usual costs)

£13.8bn (€20.7bn)



Plus tax/customs and financial services

Tax and customs: £5.1bn (€7.7bn)

Financial services: £855m (€1.3bn)

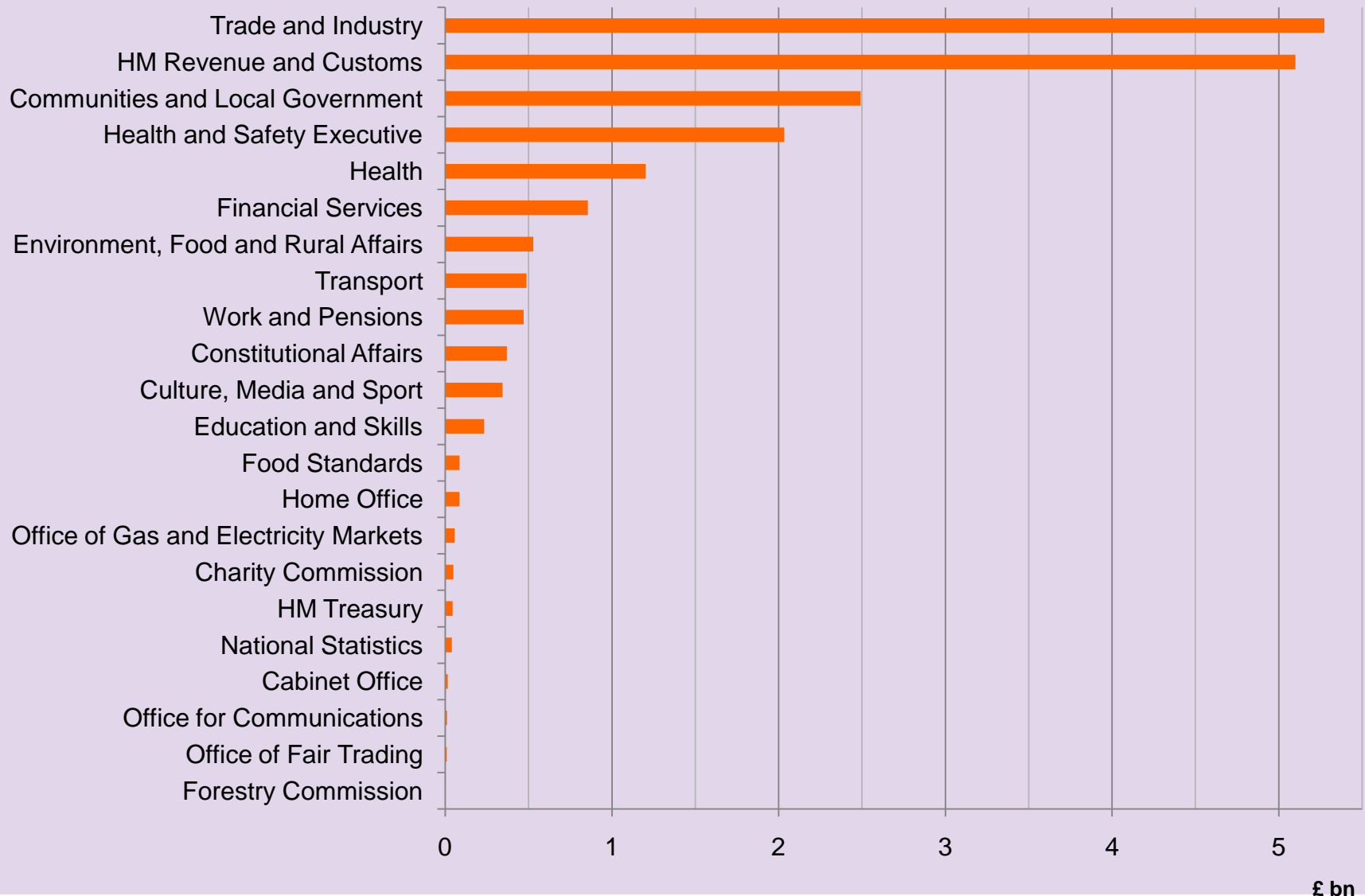


Totals including tax/customs and financial services

Admin costs: £31.1bn (€46.7bn)

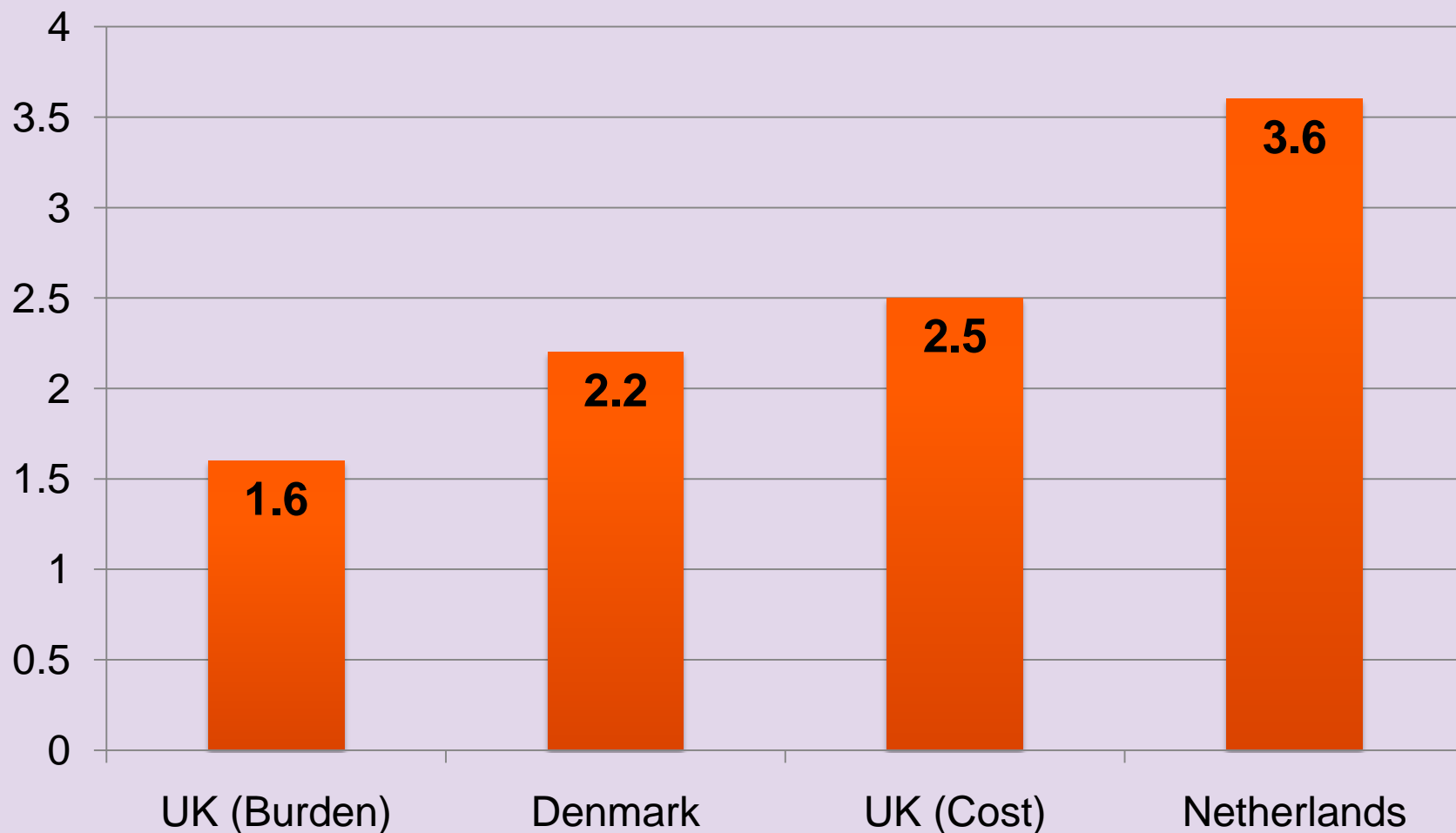
Admin burdens: £19.8bn (€29.7bn)

Burdens by department

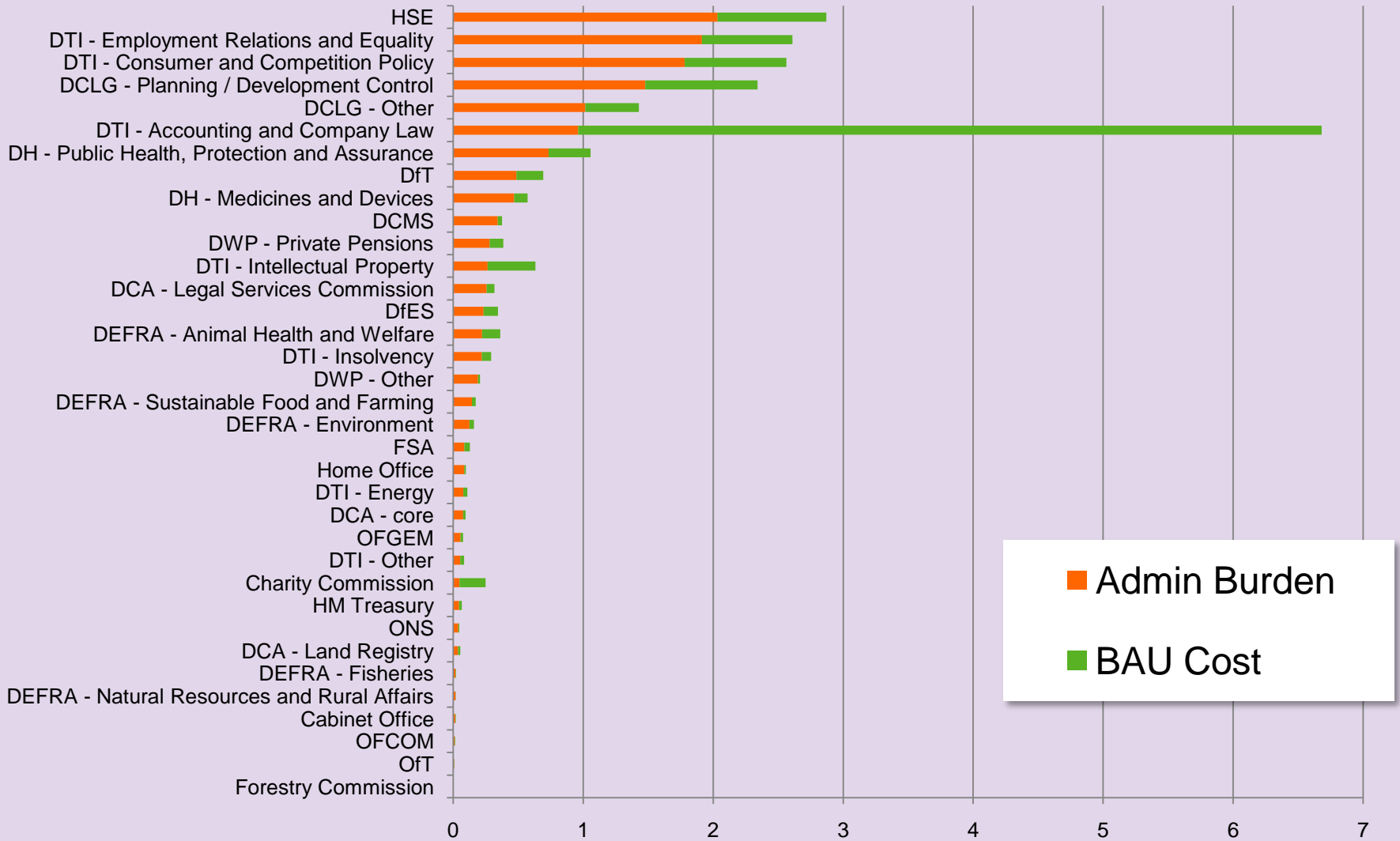


£ bn

Comparison of GDP shares



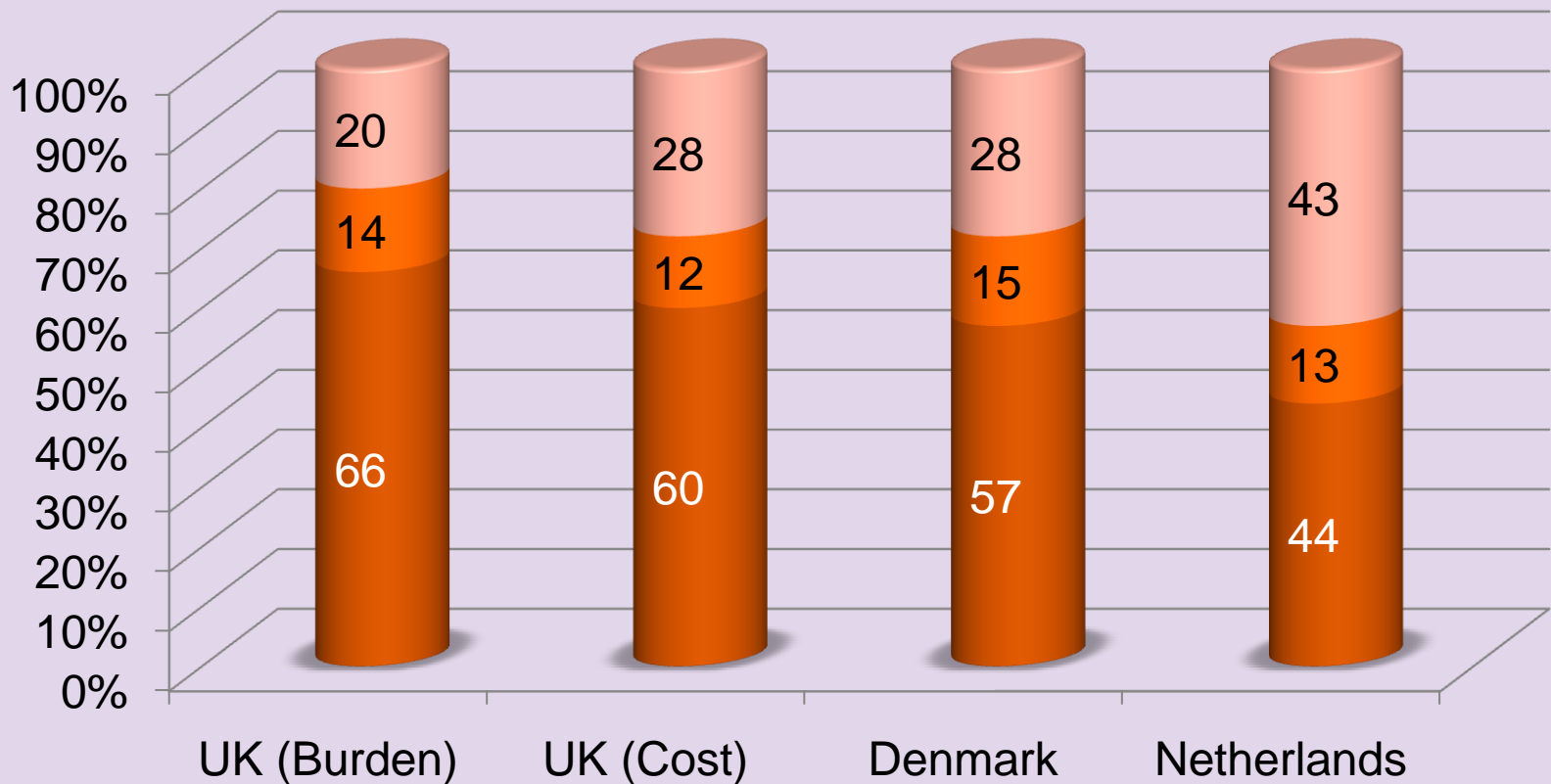
Costs to burdens: BAU adjustment



£ bn

Origin of admin burden

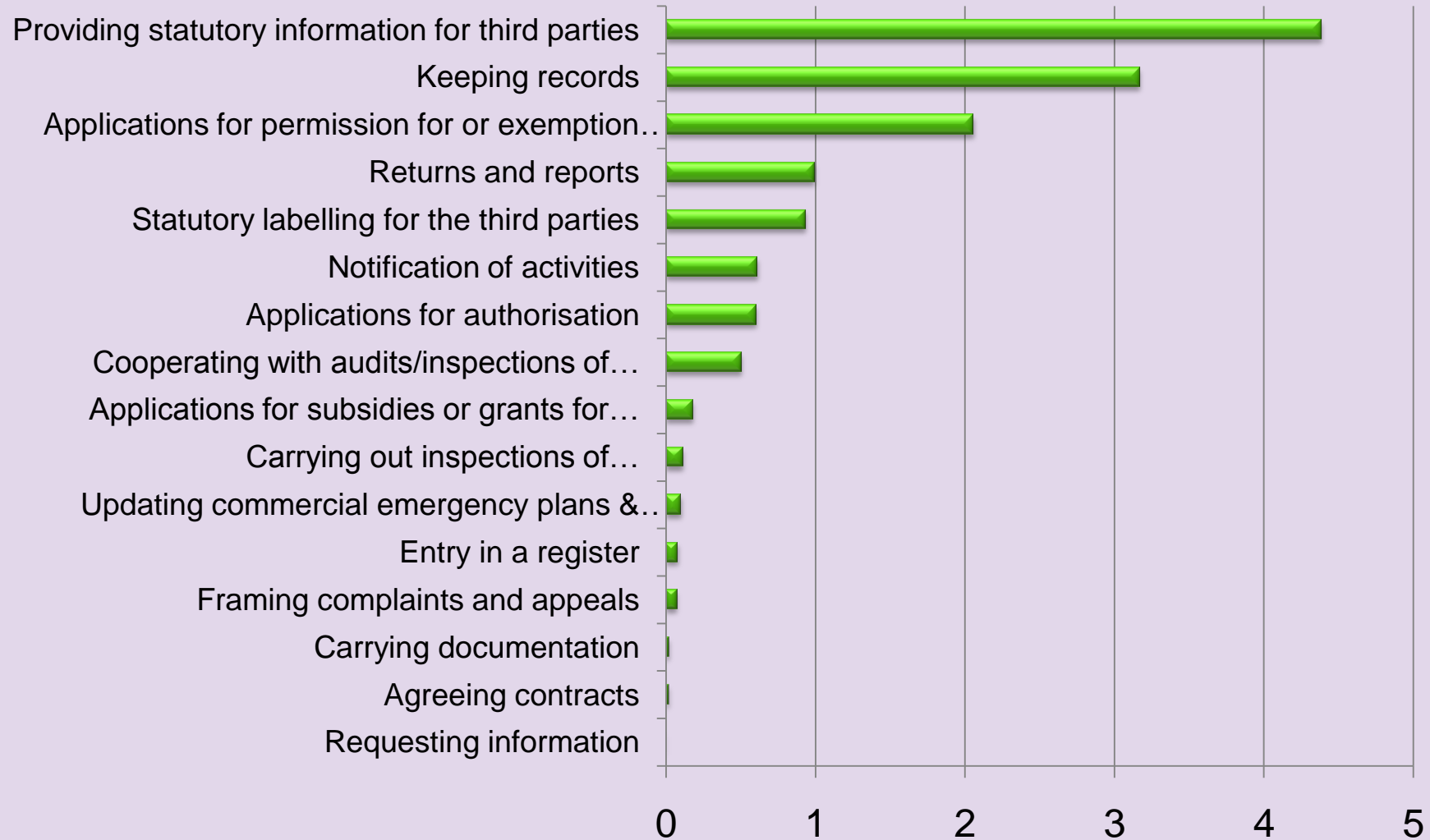
■ C - Domestic ■ B - International, domestic discretion ■ A - International, no domestic discretion



Biggest information obligations

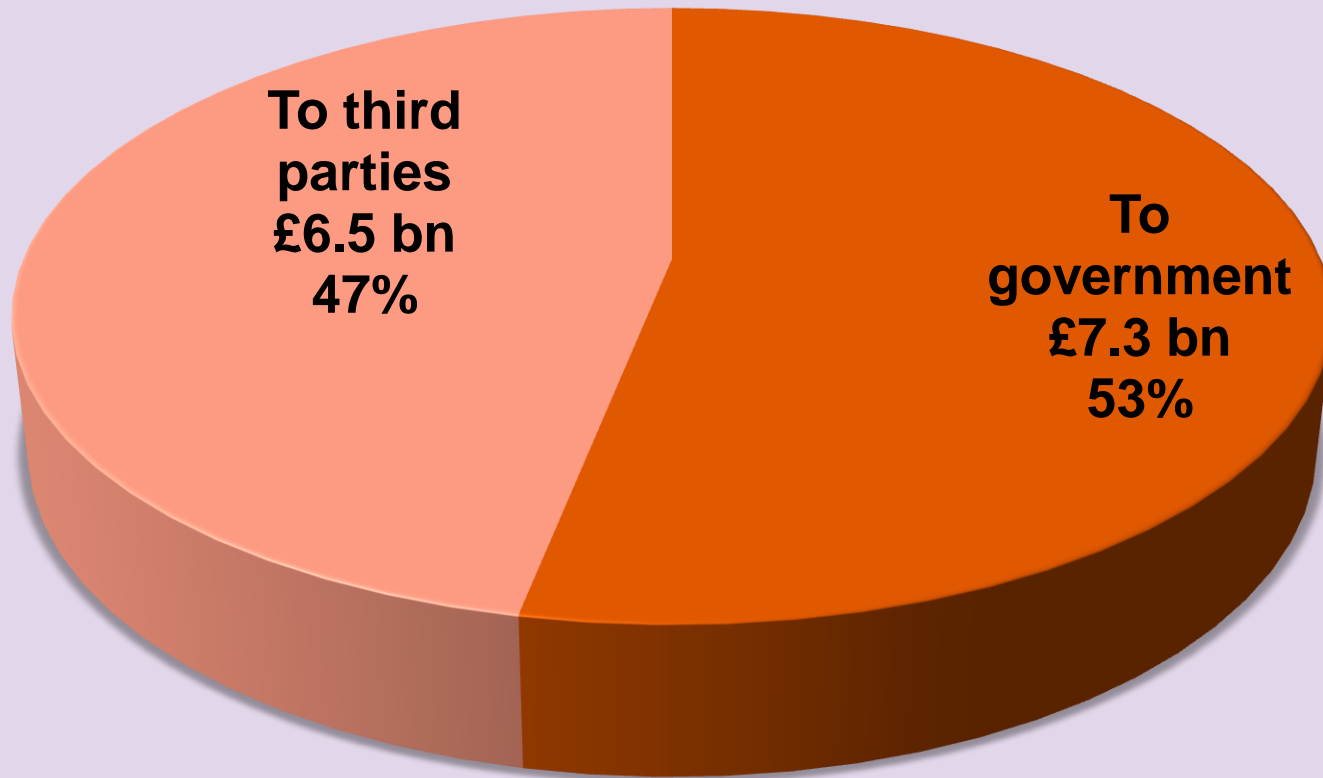
Department	Regulation	IO Description	Admin Burden
Communities and Local Government	Town and Country Planning Act 1990	Application for planning permission	£1,110 million
Health and Safety Executive	Management of Health & Safety at Work Regulations 1999	Risk assessment	£600 million
Department of Trade and Industry	Employment Rights Act 1996	Written statement of employment	£586 million
Department of Trade and Industry	Consumer Protection Act 1987	Provision of safety information	£443 million
Health and Safety Executive	Gas Safety (Installation and Use) Regulations 1998	Gas safety checks	£237 million
Department of Health	Medicines for Human Use (Marketing Authorisations Etc.) Regulations 1994	Authorisation for marketing of medicines	£208 million
Communities and Local Government	Housing Act 1985	Houses in multiple occupation	£207 million

Type of information obligation

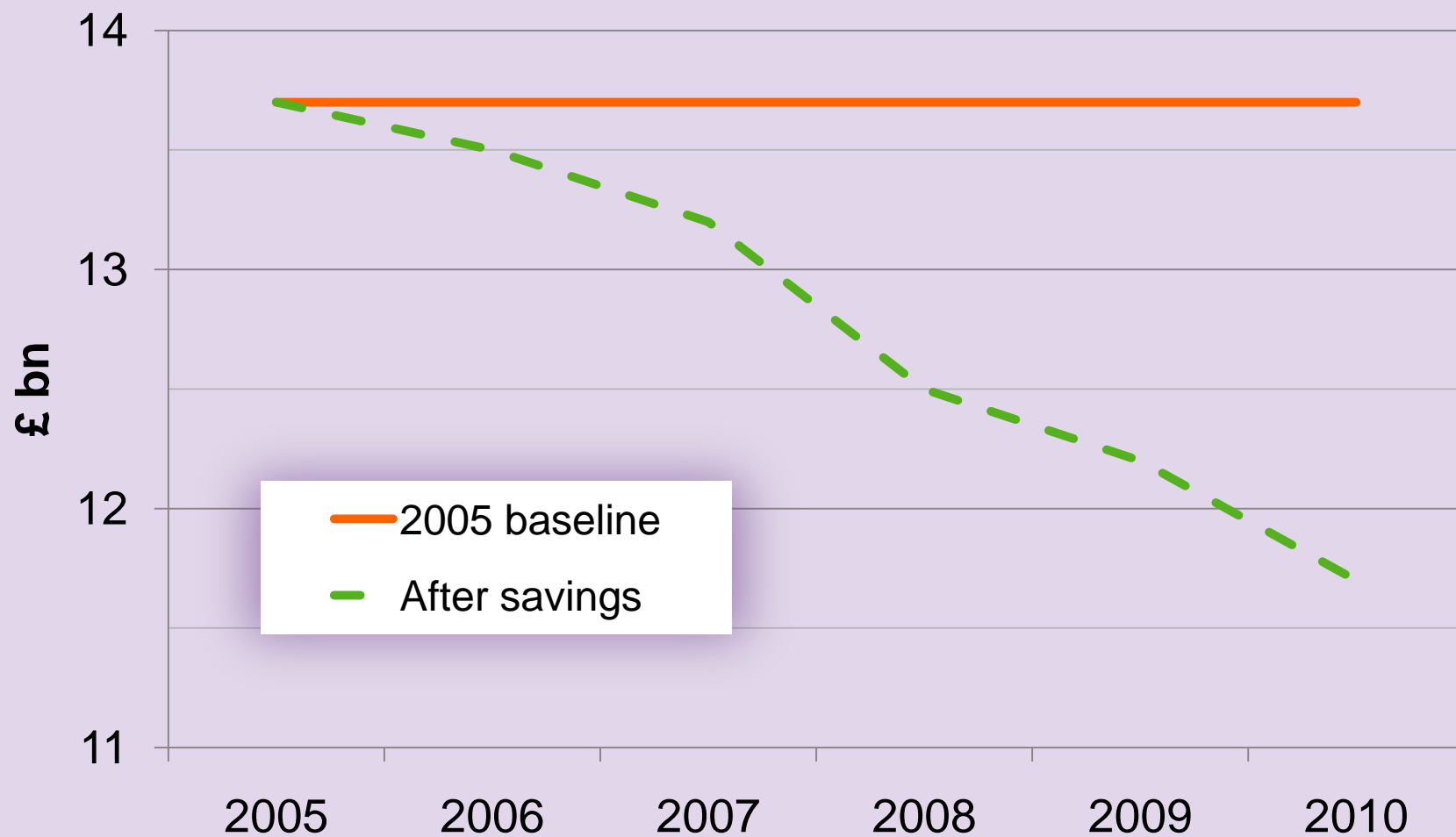


£ bn

Where does the information go?



Savings in simplification plans



Where you can find more information

- Portal: www.betterregulation.gov.uk
- BRE site: www.berr.gov.uk/regulation
- International SCM Network site:
www.administrative-burdens.com
- HMRC report:
<http://www.hmrc.gov.uk/news/admin-burdens.pdf>

Any questions?

Karen Hill

Better Regulation Executive

1 Victoria Street

London

SW1H 0ET

Karen.hill@berr.gsi.gov.uk

+44 7766 246699