

*Analysing costs and benefits in  
the UK's Regulatory Impact  
Assessment process*

Eoin Parker

Economist



# *Introduction*



- The position of the RIU
- Methods of estimating costs and benefits
- Range of impacts considered
- Conclusion

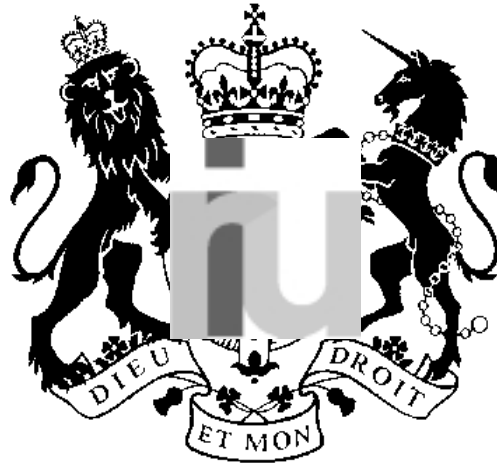


***DTI***

*Department of Trade  
and Industry*

***DfT***

*Department for  
Transport*



***DEFRA***

*Department for the  
Environment, Food  
and Rural Affairs*

***RIU**  
within  
Cabinet Office*

***ODPM***

*Office of the Deputy  
Prime Minister*



# *Methodology for estimating the costs and benefits (1)*

- Identify, estimate and put a monetary value on it
  - sometimes easy
  - sometimes difficult - no price information
    - willingness to pay
    - revealed preference
    - cost of clean up
- Degree of Accuracy
  - Uncertainty and Proportionality



# *Methodology for estimating the costs and benefits (1)*

- Identify, estimate and put a monetary value on it
  - sometimes easy
  - sometimes difficult - no price information
    - willingness to pay
    - revealed preference
    - cost of clean up
- Degree of Accuracy
  - Uncertainty and Proportionality



# *Methodology for estimating the costs and benefits (1)*

- Identify, estimate and put a monetary value on it
  - sometimes easy
  - sometimes difficult - no price information
    - willingness to pay
    - revealed preference
    - cost of clean up
- Degree of Accuracy
  - Uncertainty and Proportionality



# *Methodology for estimating benefits and costs (2)*

- Policy and Implementation
- Discounting/Annualisation
- Distributional impacts (incl. small firms)
- Transparency of Assumptions



# *Methodology for estimating benefits and costs (3)*

## **Consultation**

- Formal and Informal
  - Focus Groups
  - Surveys
  - Official Consultation Documents
- Small Business Impact Test
  - Stage One: Informal Sounding
  - Stage Two: Detailed Consultation





# *Other Elements Considered*

- Sustainable Development
- Dynamic costs and benefits
- Risks



# *Conclusion*



- Policy-makers responsible for the regulation do the RIA
- A range of techniques exist to quantify impacts
- Quantify as much as is feasible
- Consider a wide range of impacts
- Start early and consult widely



# *Useful Sources of Information*

- HM Treasury Green Book

[http://www.hm-treasury.gov.uk/Economic\\_Data\\_and\\_Tools/greenbook/data\\_greenbook\\_index.cfm](http://www.hm-treasury.gov.uk/Economic_Data_and_Tools/greenbook/data_greenbook_index.cfm)

- Good Policy Making: A guide to Regulatory Impact Assessment

<http://www.cabinet-office.gov.uk/regulation/scrutiny/GoodPolicy.htm>

[eoin.parker@cabinet-office.x.gsi.gov.uk](mailto:eoin.parker@cabinet-office.x.gsi.gov.uk)

