Better regulation in the UK

One-in, One-out

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UK’s better regulation programme

• UK priorities
  – Less regulation, better regulation and regulation as a last resort

• Managing domestic regulation
  – ‘One-in, One-out’ rule for all new regulation (flow)
  – Moratorium on domestic regulation for micro businesses (flow)
  – ‘Red Tape Challenge’ (stock)
In 2010 the Coalition Government announced it would introduce ‘One-in, One-out’...

“We will cut red tape by introducing a ‘one-in, one-out’ rule whereby no new regulation is brought in without other regulation being cut by a greater amount.”

Autumn 2010 the rule was introduced to:

*bear down* on the cost and volume of regulation

*achieve culture change* across UK government
Mechanism

For every new regulation imposing a net cost (IN), equivalent value repealed to compensate (OUT)...

‘IN’

- Regulatory priorities implemented cost-effectively

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‘OUT’

- Business costs only
- Net *direct* costs
- Domestic legislation

Flow

Stock

- *Simplifications or deregulatory measures taken from existing stock*
Process

Each department responsible for introducing OUTs to compensate for IN, must receive independent verification of costs before receiving policy clearance...

Better prioritisation of regulations

Net zero Regulatory Budget
OIOO Currency

- OIOO is scored using Equivalent Annual Net Cost to Business (EANCB)

- EANCB gives an indication to business of the likely annual impact as a result of the regulation being introduced
OIOO Scope

- **Who?** All Government Departments. Independent regulators have been invited to participate.
- **Coverage?** UK legislation which impacts on business and civil society organisations.
- **Exclusions:** Tax; civil emergencies; spending decisions; fines and penalties; financial systemic risk.
- **EU/International:** is in scope when there is:
  - gold-plating (going beyond minimum EU requirements)
  - failure to use available derogations
Micro-business moratorium

- Moratorium introduced for three year period from April 2011. Applies to all new domestic regulation within the scope of One-in, One-out that impacts on businesses with less than 10 employees and start-ups.

- Objective is to support growth, by minimising new domestic regulatory burdens on micro-businesses and start-ups, helping to establish a period of regulatory stability.

- Departments can apply for a waiver from the moratorium which needs to be considered by two Cabinet Committees. Key test for granting a waiver is the urgency of the measure.
Progress to date

• Culture change?

• Cumulative burden on business remained roughly in balance.

• Significant increase in OUTs between 1\textsuperscript{st} and 2\textsuperscript{nd} Statement of New Regulation (SoNR) (from around 9 to around 30)

• Anecdotal evidence of increased use of alternatives to regulation

• Reductions in IAs rated “Not Fit for Purpose” by the RPC (from 44\% to 31\%)
Further Information:

www.bis.gov.uk/policies/bre/better-regulation-framework