



Regulatory Policy
Committee

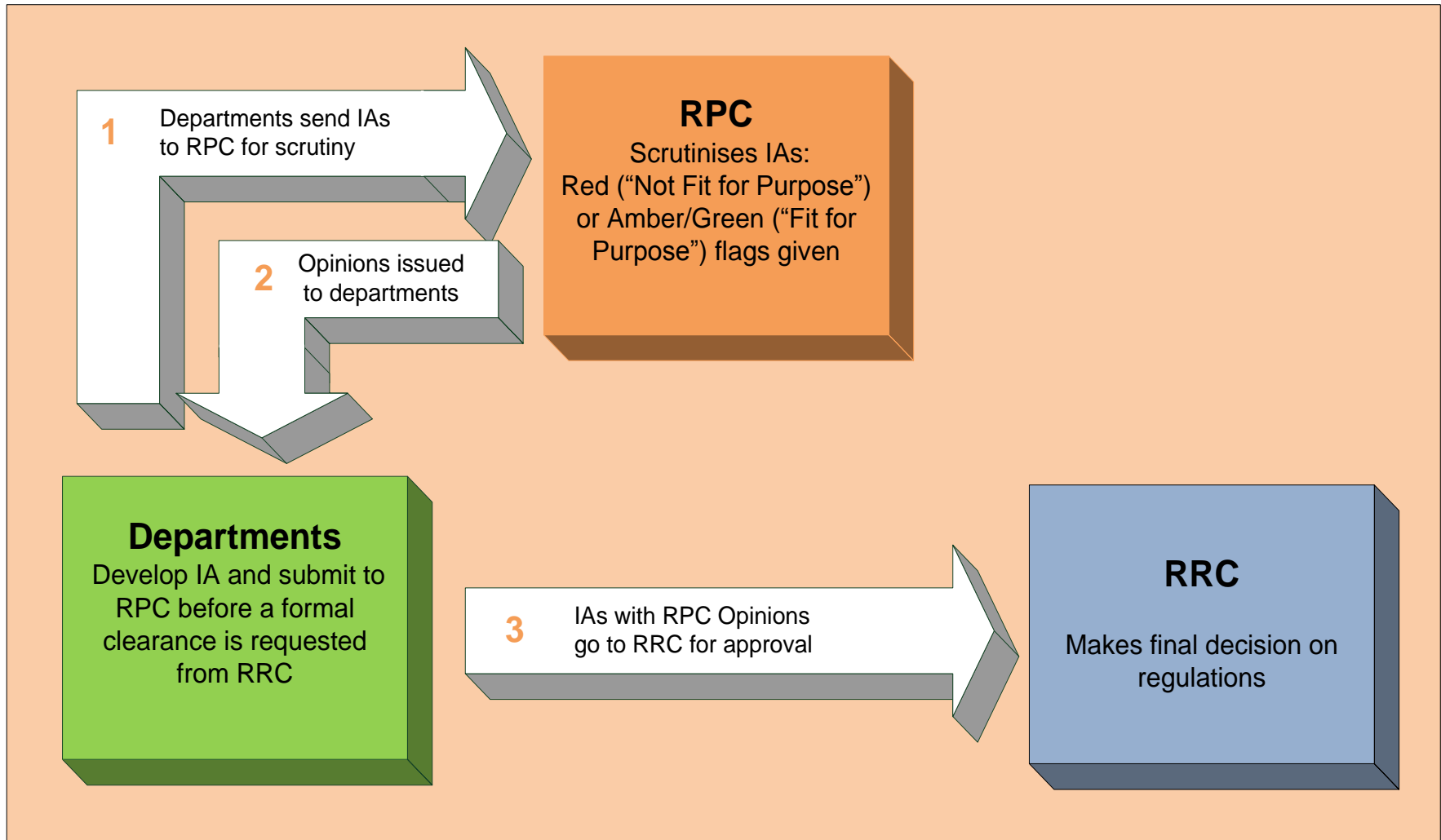
Prague, June 2012



What is the RPC?

- An independent advisory body appointed to provide external scrutiny on the quality of evidence and analysis behind government proposals to regulate
- From April 2012, 8 Committee members:
 - Chairman (business experience)
 - 2 professional economists
 - 5 generalists, including business and trades union backgrounds
includes small business expertise
- Supported by a secretariat of civil servants, including a mix of policy officials and economists

Our role in the UK system




January 2011- present

- All RPC 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 is ‘Fit for Purpose’. However, we will set out areas of concern with the IA which ***should*** be resolved so as to improve its contribution to the final decision made.
 - **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.
- If departments proceed with a Red, at either consultation or final stage, that RPC Opinion will be published

Our role in 'One-in, One-out'

- Validating that a department has correctly recognised the direction of its regulatory proposal – an 'IN' or an 'OUT'
- Validating that the size of the 'IN' or 'OUT' being claimed is robust and credible and in accordance with the OIOO 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

Our 7 Recommendations

- Identified as integral steps in producing a high quality IA
 1. Don't presume regulation is the answer
 2. Take time and effort to consider all options
 3. Make sure you have substantive evidence
 4. Produce reliable estimates of the costs and benefits
 5. Assess non-monetary impacts thoroughly
 6. Explain and present results clearly
 7. Understand the real cost to business of regulation
 - Aimed at strengthening the quality of analysis and use of evidence in the policy-making process
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2011 Report - Headline Findings

2010 – 186 IAs Reviewed

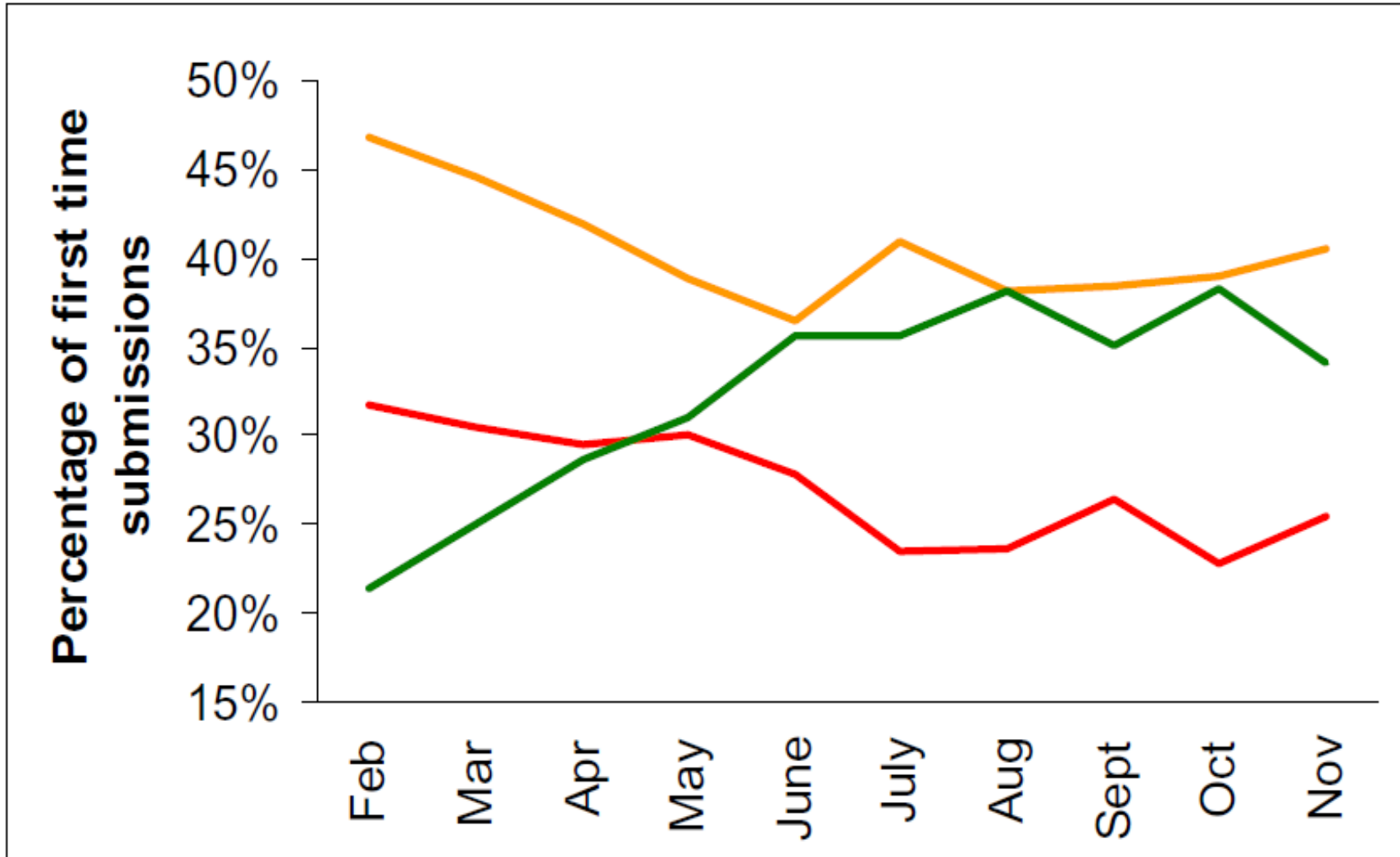
- 2010 – 56% Fit for purpose
- **Nearly 1 in 2 Not Fit for purpose**

2011 – 465 IAs Reviewed

- 2011 – first six months – 69% Fit for purpose
- 2011 – last six months – 75% Fit for purpose
- 2011 – Overall – **72%**
- **But still means 1 in 4 Not Fit for purpose**

- **31% of IAs received Green Rating**

RAG Performance – 2011



RAG Performance – 2011

Departments and Agencies	Opinions Issued	Red	Amber	Green	Fit For Purpose
Health and Safety Executive	11	9%	55%	36%	91%
HM Treasury	20	11%	53%	37%	89%
Department for Education	7	14%	86%	0%	86%
Department of Energy and Climate Change	28	18%	50%	32%	82%
Cabinet Office	5	20%	80%	0%	80%
Department for Business Innovation and Skills	75	23%	37%	40%	77%
Department for Transport	91	23%	42%	35%	77%
Department for Culture, Media and Sport	34	24%	29%	47%	76%
Department for Environment Food and Rural Affairs	69	30%	32%	38%	70%
Department for Communities and Local Government	32	31%	44%	25%	69%
Ministry of Justice	32	31%	66%	3%	69%
Food Standards Agency	4	50%	25%	25%	50%
Home Office	24	50%	33%	17%	50%
Department of Health	19	53%	32%	16%	47%
Department for Work and Pensions	12	58%	33%	8%	42%
Ministry of Defence	1	100%	0%	0%	0%
Total	465	28%	41%	31%	72%

Green Performance – 2011

Departments and Agencies	Opinions Issued	Green
Department for Culture, Media and Sport	34	47%
Department for Business, Innovation and Skills	75	40%
Department for Environment, Food and Rural Affairs	69	38%
HM Treasury	20	37%
Health and Safety Executive	11	36%
Department for Transport	91	35%
Department of Energy and Climate Change	28	32%
Department for Communities and Local Government	32	25%
Food Standards Agency	4	25%
Home Office	24	17%
Department of Health	19	16%
Department for Work and Pension	12	8%
Ministry of Justice	32	3%
Department for Education	7	0%
Cabinet Office	5	0%
Ministry of Defence	1	0%
Total	465	31%

A Wider Perspective

- One-In, One-Out
 - Clearly putting pressure on Whitehall Departments;
 - Level of Outs growing
 - Expect to see more resulting from Red Tape Challenges
- Scope of OIOO
 - Scope set by Ministers
 - Clear it does not cover all regulation that impacts on business (European, Independent Regulators)
- Transparency
 - Publication of our Opinions
- RPC now one of five Independent bodies within Europe and have close relationships with them

European regulation

Scrutiny of IAs of measures with European origin

- The RPC considers IAs to implement EU directives and regulations.
- OIOO excludes EU measures. Particular attention to “gold-plating”.

Wider engagement with Europe

- The RPC works closely with sister organisations in the Netherlands (ACTAL), Sweden (Regelrådet) and Germany (NKR) to champion better regulation at the European level. A similar independent watchdog has also recently been established in Czech Republic.
 - Production and presentations of a joint paper calling for improvement (new programme, net targets, independent body, IA process)
 - Pressing the Commission to publish the net costs to business
- Member of the EU High Level Group of Independent Stakeholders on Administrative Burdens
 - Extension of the mandate to end 2014
 - New Terms of Reference being discussed

Summary

- Independent scrutiny is playing a key role in improving the quality of the evidence and analysis on which Ministers make decisions.
- Departments have raised their game in 2011 with a significant improvement compared to 2010.
- But 1 in 4 still Not Fit for Purpose – important that overall performance improves again in 2012.
- Want to see more Green rated IAs (highest quality) in 2012.
- RPC keen for greater transparency of our work.
- RPC became Advisory Non-Departmental Public Body in April 2012.

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