# OECD Regulatory Policy Outlook 2015

## Country profile

# UNITED KINGDOM

**Access links**

- OECD Regulatory Policy Outlook 2015: www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm
- Indicators of Regulatory Policy and Governance and the underlying data: www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm
- Regulatory policy in the United Kingdom: www.oecd.org/regreform/regulatory-policy/regulatory-policy-uk.htm
- Regulatory Policy Outlook country profiles: www.oecd.org/regreform/regulatory-policy/outlook-country-profiles.htm
- OECD regulatory policy website: www.oecd.org/governance/regulatory-policy/

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# Overview

The United Kingdom places great emphasis on evidence-based policy making. Before introducing new regulations, a preliminary RIA is carried out that outlines the problem under consideration and evaluates possible regulatory and non-regulatory solutions. Stakeholders are invited to comment on the evidence and assumptions supporting the analysis. A final stage RIA is then developed providing detailed cost-benefit analysis for the preferred option(s). Deregulatory measures and low-cost measures are eligible for a Fast Track "Regulatory Triage Assessment", where an early stage RIA is not compulsory. The Private Members' Bills (initiated by parliament) which receive government support would normally go through the same processes as similar government bills initiated by the executive.

A number of policies have been introduced to address the stock of regulations. The government-wide strategy for reducing the stock of existing regulation, the "Red Tape Challenge", launched in 2011, was led jointly by Ministers from the Cabinet Office and the Department for Business, Innovation and Skills. The RTC is an example of open, collaborative policy making including the use of digital crowd sourcing which prompted 30 000 comments and over 1 500 detailed submissions. Since 2013, the United Kingdom has operated a "One-in, Two-out" regulatory management system. As of March 2015, these measures had together delivered savings to business of some GBP 10 billion.

The United Kingdom has also addressed implementation of regulatory proposals through a mandatory regulator's code that requires all regulators to give due consideration of the impact of their actions to economic growth. Since 2012, thirteen reviews of enforcement and inspection regimes and practices amongst regulators have been conducted under the "focus on enforcement" programme.

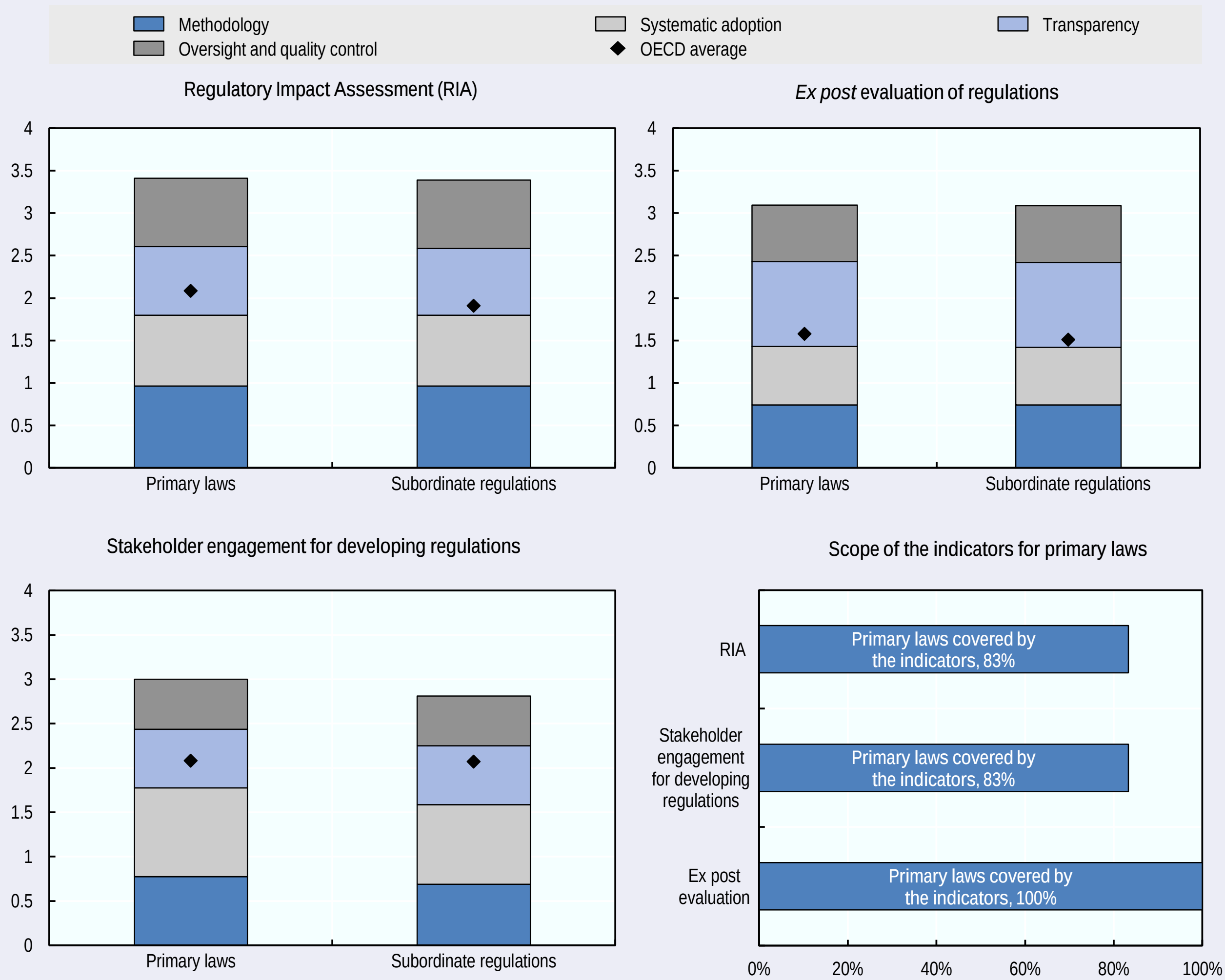
The United Kingdom's regulatory policy agenda mainly focusses on the impacts for business and civil society organisations. Although the RPC (see below) reviews all impacts assessed in a RIA (including on the public sector and consumers), a final stage RIA can only be rated as not fit for purpose if there are concerns regarding the evidence and analysis underpinning the estimates of the costs to business, but not if there are concerns with analysis in other areas, The United Kingdom may benefit from increasing attention on other elements for inclusive growth.

## Spotlight: Regulatory Policy Committee

New regulatory proposals undergo independent scrutiny from the Regulatory Policy Committee, which was set up in 2009 and became an independent advisory non-departmental public body in 2012. Between 2010 and 2015, it has provided opinions to government on over 1 200 regulatory proposals affecting business and civil society organisations, of which 951 have become law. The opinions assess the quality of the evidence base supporting regulatory proposals and have confirmed net savings to business of GBP 2.2 billion per year from the quality checking and changes in law. The RPC also reviews all *ex post* evaluation. If there are significant concerns with the analysis and evidence, the expectation is that RIAs will be corrected before they can be published as part of the consultation process, or before final regulations are laid before the UK Parliament. The equivalent net cost to business of the preferred regulatory option is validated by the RPC as robust before the figure is published as part of the six-monthly "Statement of New Regulation".

On 3 December 2014, the UK government announced the expansion of the scope of proposals to be included in the "accountability for regulator impact" scheme requirement to assess costs for business, to include any government-sponsored voluntary scheme with an impact on business, such as voluntary codes of conduct. As such, business has the right to ask the Regulatory Policy Committee to independently review a scheme's impact if they disagree with the regulator's assessment.

# Indicators of Regulatory Policy and Governance 2015




1. The figures display the aggregated scores from all four categories giving the total composite score for each indicator. The maximum score for each category is one and the maximum score for each aggregated indicator is four.

2. The information presented in the indicators for primary laws on RIA and stakeholder engagement only covers processes of developing primary laws that are carried out by the executive branch of the national government. As in the United Kingdom approx. 83% of primary laws are initiated by the executive, the indicators on RIA and stakeholder engagement cover approx. 83% of primary laws. While there is a requirement to conduct public consultation on major primary laws initiated by parliament, there is no formal requirement for conducting RIA for primary laws initiated by parliament. The information presented in the indicators for primary laws on *ex post* evaluation covers processes in place for both primary laws initiated by parliament and by the executive. The percentage of primary laws initiated by parliament is an average between the years 2010 to 2014.

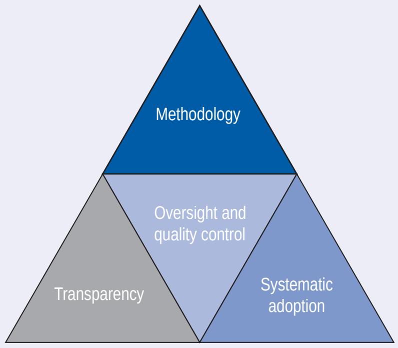
*Source: 2014 Regulatory Indicators Survey results,* www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm*.*

*Statlink*: http://dx.doi.org/10.1787/888933263377

# Indicators of Regulatory Policy and Governance (iREG)

The three composite indicators provide an overview of a country's practices in the areas of stakeholder engagement, Regulatory Impact Assessment (RIA) and *ex post* evaluation. Each indicator comprises four equally weighted categories:

- Systematic adoption which records formal requirements and how often these requirements are conducted in practice.
- Methodology which gathers information on the methods used in each area, e.g. the type of impacts assessed or how frequently different forms of consultation are used.
- Oversight and quality control records the role of oversight bodies and publically available evaluations.
- Transparency records information from the questions that relate to the principles of open government, e.g. whether government decisions are made publically available.




The composite indicators are based on the results of the *OECD 2014 Regulatory Indicators Survey*, which gathers information from all 34 OECD countries and the European Commission as of 31 December 2014. The survey focuses on regulatory policy practices as described in the 2012 *OECD Recommendation on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher its indicator score. Further information on the methodology is available online at www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm.

Whilst the indicators provide an overview of a country's regulatory framework, they cannot fully capture the complex realities of its quality, use and impact. In-depth country reviews are therefore required to complement the indicators and to provide specific recommendations for reform.

# OECD Regulatory Policy Outlook 2015

The *OECD Regulatory Policy Outlook* (www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm) provides the first evidence-based, cross-country analysis of the progress made by OECD countries in improving the way they regulate. Findings are based on the results of the *OECD 2014 Regulatory Indicators Survey*.

Key findings:

- Laws and regulations are essential instruments, together with taxes and spending, in attaining policy objectives such as economic growth, social welfare and environmental protection. OECD countries have generally committed at the highest political level to an explicit whole-of-government policy for regulatory quality and have established a standing body charged with regulatory oversight.
- Implementation of regulatory policy varies greatly in scope and form across countries. While RIA has been widely adopted, few countries systematically assess whether their laws and regulations achieve their objectives. Stakeholder engagement on rule making is widespread in OECD countries, taking place mostly in the final phase of developing regulation.
- The national executive government has made important progress over the last decade to improve the quality of regulations. Parliaments, regulatory agencies and sub-national and international levels of government need to be more engaged to ensure that there are evidence-based and efficient laws and regulations for stimulating economic activity and promoting well-being.
- The impact of regulatory policy could be further improved by addressing shortcomings in the implementation and enforcement of regulations and by considering new approaches to regulatory design and delivery such as those based on behavioural economics.

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