

Measuring Compliance Costs – Methodologies & Institutional Arrangements

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1. Measuring Compliance Costs

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- IAs report on 2 broad categories for regulatory costs:
 - Administrative Burdens
 - Policy Costs
- When assessing impacts*, advised to distinguish between:
 - Transition costs (and benefits)
 - Recurring costs (and benefits)
 - Transfers
- Once the impacts have been identified, quantified and monetised, direct costs and benefits are estimated for the OIOO score

(*impacts includes costs and benefits)

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- Full economic impacts are outlined in the IA
- Only direct impacts on business and civil society organisations are scored under OIOO
- Example of costs:
 - Labour costs
 - Costs of new equipment
 - Cost of obtaining a licence
 - Costs of additional legal, accountancy or other advice



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3. What is the threshold for measuring?

- OIOO impacts are a subset of the IA CBA
- No *de minimis* for OIOO
- IA required if:
 - Imposes/reduces any costs on business
 - Imposes/removes an Information Obligation
 - Introduces any other Admin Burden (not an IO) or Policy Cost of \leq £5m
 - Involves some kind of redistribution affecting the public, private or civil society orgs i.e. any exchange or transfer of costs/benefits from one to another



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- Individual depts are responsible for drafting IA and estimating impacts
- Typically, policy officials and analysts work on IA evidence and analysis
- RPC secretariat includes policy officials and economists



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- Strong political will to achieve better regulation agenda
- RRC is chaired by SoS for Dept BIS and has members from key depts across Whitehall
- Clear rules on drafting IA and obtaining clearance for regulations through Parliament



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