

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)

One-in, One-out

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."

The Coalition:
our programme
for government

HM Government

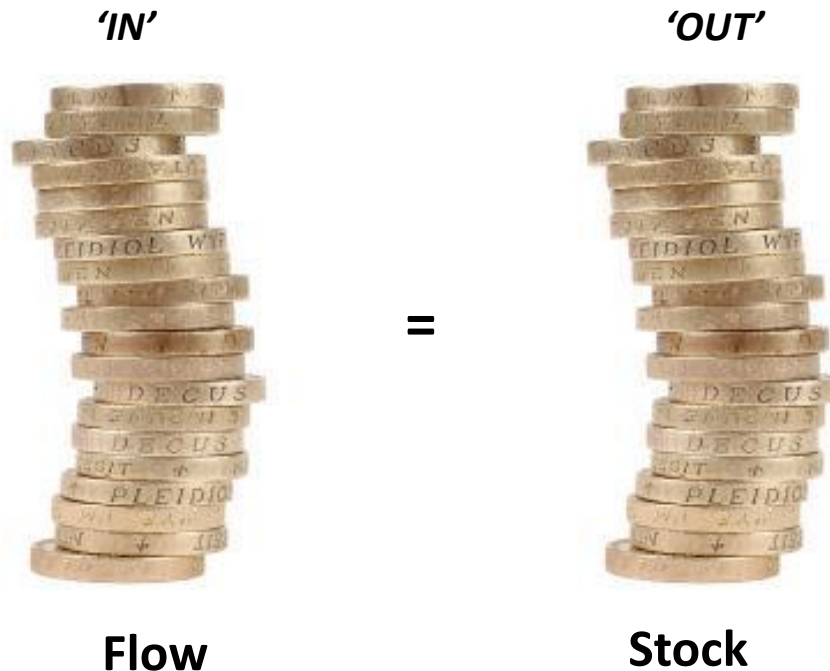
Autumn 2010 the rule was introduced to:

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For every new regulation imposing a net cost (IN), equivalent value repealed to compensate (OUT)...



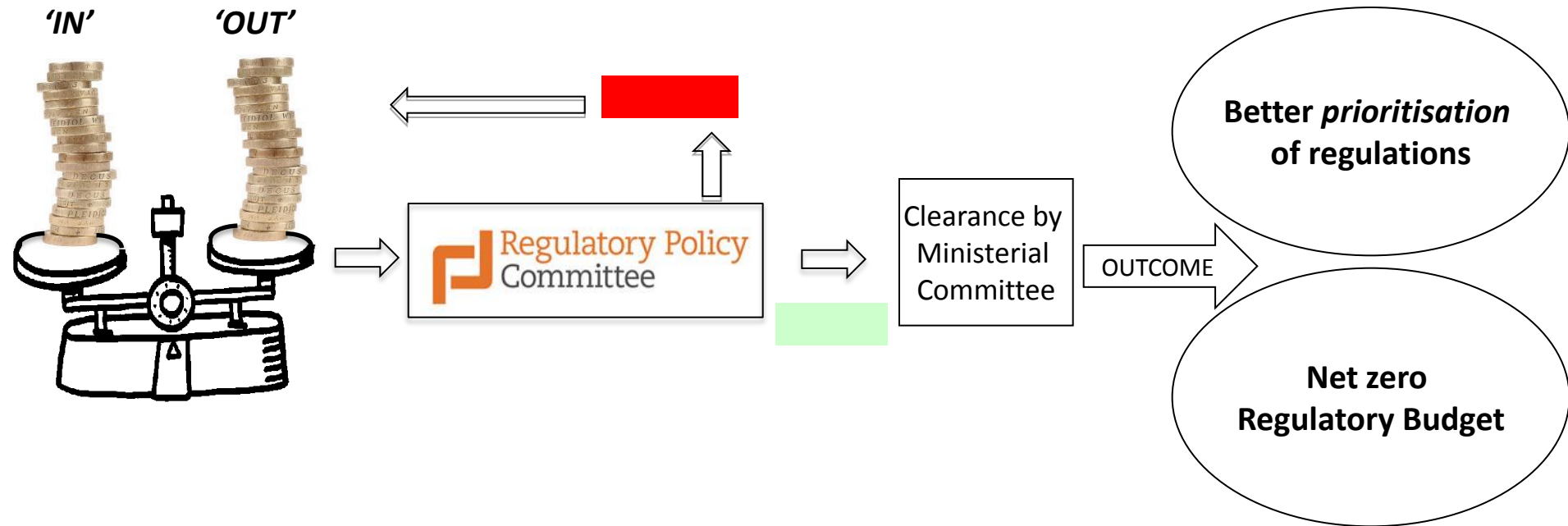
- Business costs only
- Net *direct* costs
- Domestic legislation

• *Regulatory priorities implemented cost-effectively*

• *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...



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 1st and 2nd 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