

MAKING YOUR LIFE SIMPLER

SIMPLIFICATION PLANS
A SUMMARY

Do you have an idea on how to improve regulation?

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Even the smallest ideas can make a big difference.

We will consider all of your ideas, publish them online and respond within 90 days.

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FOREWORD BY THE PRIME MINISTER

Regulatory reform is essential to maintaining the UK's world-class business environment. This is especially true given the need to tackle the difficult current economic climate, and prepare our economy for the recovery.

The Government is committed to providing essential protections for citizens, workers and business through regulation. It is, however, equally important that we cut unnecessary costs, increase efficiency and remove obstacles to innovation.

Our progress to date is already helping British businesses to support jobs and maintain the strength of our economy. We have promised to deliver an estimated £3.4bn in net annual savings for business by May 2010, with over 500 simplification measures across 19 departments.

The UK leads the world in regulatory reform – and I am firmly committed to us increasing our pace of progress.



Gordon Brown

Gordon Brown
Prime Minister

“

The UK leads the world in regulatory reform.

THE PRIME MINISTER

”

INTRODUCTION BY PETER MANDELSON

The Government has an ambitious regulatory reform agenda and reducing administrative burdens for business is an integral part of this.

We are making sure that we have the most effective regulatory environment for business in the current economic climate. We are removing barriers to prosperity whilst maintaining essential protections. And we are focusing our energies on small businesses, the life blood of our economy, who are feeling the effects of the downturn more severely.

We are on track to meet our target of achieving approximately £3.4bn of net annual savings for

business by 2010. This report demonstrates our progress, delivering an estimated £1.9 billion of net annual savings to date.

The business community has told us that the results we are delivering are being felt on the ground.

We are working closely with partners in the EU and other international organisations to promote a culture of better regulation. Europe is following the UK's approach, adopting a 25% reduction target by 2012.

I am proud that the UK has one of the most ambitious regulatory reform programmes in any developed country, which is changing the way Government thinks about regulation.

Better regulation is crucial for the UK economy and in making life simpler for those who live and work in Britain.



A handwritten signature in black ink that reads "Peter Mandelson".

Peter Mandelson
**Secretary of State for the Department
of Business, Enterprise and Regulatory
Reform (BERR)**

“

We are on track to meet our target of achieving approximately £3.4bn of net annual savings for business by 2010.

”

PETER MANDELSON

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Effective and well-focused regulation can play a vital role in correcting market failures, promoting fairness and increasing competition. Society expects the Government to provide protection for the general public, consumers and employees consistent with the best international standards, and these expectations grow over time.

WHAT'S 'BETTER REGULATION' ALL ABOUT?

It's about cutting out unnecessary paperwork and out of date rules – making life simpler for everyone.

We are making huge efforts to identify and get rid of unnecessary bureaucracy for businesses, large and small, across all sectors, making a real difference for everyone – and there's more to come!

The UK Government has one of the most ambitious and wide ranging regulatory reform agendas in the world, a fact recognised by the World Bank who recently ranked the UK 6th out of 181 economies for ease of doing business; many countries are coming to us to see how we do it.¹

One example relates to the Administrative Burdens Reduction Programme, which has delivered an estimated £1.9 billion in net annual

administrative burden reductions since 2005 and is on track to meet its demanding target of reducing red tape for businesses by 25% by 2010.

This means more than 240 changes to existing regulations delivered to date to make life easier for businesses, citizens and front line workers. This includes online tools making tax calculation more straightforward, simple advice on employment legislation and simplifying the dispute resolution process that frustrated and irritated employers and employees alike.

WHAT MAKES GOOD REGULATION?

The five key principles of regulation, ensuring that regulation is transparent, accountable, proportionate, consistent and targeted, are a cornerstone of the Government's approach to regulation.

WHAT IS THIS REPORT ABOUT?

This report highlights the overall progress that individual Government departments are making to deliver on the Government commitment to reduce:

- the annual administrative burden by a net 25% by 2010 for businesses and the third sector; and
- the number of data requests from central government on front line public sector workers.

It also reports on wider progress in reducing regulatory costs for the private and public sectors.

You can find more information in each Department's individual report showing what they have achieved, known as a Simplification Plan, on the Better Regulation Executive website, www.berr.gov.uk/bre.

¹For more see World Bank Doing Business 2009 <http://www.doingbusiness.org/>

HOW DO WE KNOW THAT SAVINGS ARE FELT BY BUSINESS?

This report also shows how Government has worked with other bodies to check that savings are delivering real world benefits; working with the Confederation of British Industry, the Institute of Directors, the British Chambers of Commerce, the Federation of Small Businesses and the Trades Union Congress. The Government formed an External Validation Panel to test the assumptions and processes underpinning the top administrative burden reductions Departments have delivered to date and will continue to do so, to ensure they deliver real benefits to business.

WHY DOES ANY OF THIS MATTER?

This programme of reform delivers real financial savings for real people. While these are summarised in terms of financial savings we know from talking to people that it's often the time these changes save that people value most. People now have more free time to spend on the things that really matter to them, like innovation and profit, providing quality services and maintaining a better work-life balance.

In the current economic climate it's even more important to make sure that we provide a world-leading regulatory system, which is fair and proportionate and responds to a rapidly changing economy, reducing the pressure on business where we can whilst maintaining essential protections for workers, consumers and the environment.

Government remains committed to reporting progress towards our net reduction targets and will report again in the Autumn of 2009, and then again on the completion of the Administrative Burdens Reduction Programme in the Autumn of 2010.

This programme of reform delivers real financial savings for real people... we know from talking to people that often it's the time these changes save that people value most.

YEAR 3: PROGRESS SO FAR

DELIVERY AGAINST THE NET 25% ADMINISTRATIVE BURDEN REDUCTION FOR THE PRIVATE AND THIRD SECTORS

Government continues to make good progress to reduce the annual administrative burden by a net 25% by 2010 for businesses and the third sector. This means net savings worth an estimated £3.4 billion per annum by 2010. Of this, an estimated £1.9 billion of annual net administrative burdens have now been delivered.

FIGURE 1: Progress in reducing Administrative Burdens

£m annual savings	Delivery to date				Planned delivery	
	May 2006	May 2007	May 2008	Dec 2008	May 2009	May 2010
Baseline						
£13,199						
Net Reductions	£321	£633	£1,485	£1,888	£2,635	£3,353
% Reduction	2.4%	4.8%	11.2%	14.4%	20.0%	25.4%

To engage businesses and ensure our reduction efforts are felt on the ground, Government has established an External Validation Panel as part of the 2008 quality assurance process, to test the assumptions and processes underpinning the top simplification measures Departments have delivered to date.

The External Validation Panel, made up of representatives from CBI, IoD, BCC, FSB and TUC and chaired by the Executive Chair of the Better Regulation Executive, focused on the simplification measures responsible for 80% of the delivered savings as of May 2008.

Following their review an estimated £1.7bn of gross simplifications were approved, with an additional £182m approved subject to follow up actions.

The External Validation Panel members asked government to re-review the remaining simplifications to ensure they are credible and we have done this for all simplification measures worth more than £10m; an additional estimated £220m.

HOW WERE ADMINISTRATIVE BURDENS MEASURED?

The Administrative Burden Reduction Programme uses the Standard Cost Model methodology (see Annex B for more details). This is an internationally recognised approach which provides an understanding of the landscape of regulatory cost as the basis for deciding where to focus effort on simplification.

However, to keep the measurement exercise practical, the methodology uses small sample sizes and so is indicative rather than statistically robust; as a result, the reported figures for the administrative burden reductions achieved are also indicative.

The Government is committed to delivering a 25% net reduction in administrative burdens on this indicative basis in order to drive real change in the ease with which business and the third sector comply with regulation.

...WITH A DEDICATED FOCUS ON SMALL BUSINESSES

The 2008 Simplification Plans also report on the results of new efforts made to embed the process of small firm regulation across Government. With over 4.7 million small and medium sized enterprises (SMEs) in the UK, employing over half of the UK workforce, reducing burdens for small businesses has a major, positive impact on the economy.

...AND DELIVERING REDUCTIONS IN BUREAUCRACY FOR THE PUBLIC SECTOR FRONT LINE

The past year has also seen a continuation of the progress made across Government in tackling public sector bureaucracy and data burdens. This report summarises ways in which Government is reducing burdens on schools, police forces, the prison service, health services and local communities.

The Department of Health, the Department for Children, Schools and Families and the

JEFFREY ELLIS OF SHEVINGTON CARS

"Its very simple"

Running a taxi firm is not only about getting customers from A to B. It involves invoicing, payroll and all the other business processes associated with any small business. For Jeffrey Ellis of Shevington Cars improvements to payroll accounting for small firms have taken the headache out of his paperwork. "It does it all for you... For a small business like ours, saving all that time and paperwork is really useful."

Department for Innovation, Universities and Skills are assessing the burden associated with their data requests and have set targets to reduce this burden. This work is now being taken forward, for example through removing requests, reducing the frequency of requests or through making data returns more efficient and streamlined.

The Department is focusing on minimising the time and resource public sector bodies spend on data reporting to the Department, rather than the number of data streams itself. It has a target to deliver a 20% reduction in the costs of accountability requirements for Higher Education Institutions by the end of 2008. Independent consultants

are currently assessing success against this target and are due to report in Spring 2009.

Other relevant government departments have committed to reduce the number of data requests on the public sector front line and have set out their progress in their Simplification Plans in December 2008. To date, these departments have identified around 130 data-streams for removal – 27% of the total number of the data-streams they impose.

DELIVERY FOR THE WIDER PUBLIC SECTOR

This year's plans also show progress on reducing wider public sector burdens, with savings identified that will reduce costs by more than an estimated £1.5 billion by 2010.

FIGURE 2: Departments declaring burdens reductions in time or cost

Department	Measured in...	Burden reductions	Percentage reduction
DCSF	Cost	£595,000	7%
DH ²	Staff resource	Equivalent to approx. 54 FTE staff over a year	10%

FIGURE 3: Departments declaring burdens reductions in number of data streams

Baseline number of data streams ³	Number of data streams identified for removal	Percentage reduction
489	133	27%

FIGURE 4: Public sector savings

Delivery to date				Planned delivery	
May 2006	May 2007	May 2008	Dec 2008	May 2009	May 2010
£109m	£157m	£287m	£938m	£1,273m	£1,515m

²Excluding social care

³Includes the following departments: BERR, Cabinet Office, CLG, DCMS, Defra, DFT, DWP, Home Office, Ministry of Justice

DELIVERING POLICY SAVINGS FOR PRIVATE AND THIRD SECTORS

Policy burdens are the costs inherent in meeting the aims of a regulation. This could be a direct cash cost, such as installing a pollution filter on a factory chimney as prescribed by legislation, or it could be an indirect cost, for instance through necessary changes in working practices.

While the Government has not set a target for reducing policy costs, Departments constantly look for opportunities to simplify regulation and this year's plans also show progress on reducing these policy burdens, with 2008 plans identifying over £1.2 billion by 2010 of gross annual savings for business and the third sector.

HELPING REDUCE RED TAPE ACROSS EUROPE

Government continues its efforts to help simplify European Union legislation. In July this year building on input from the private and third sectors, the Government published a report setting out 25 ideas for simplifying EU law, promoting specific proposals which will make a real difference to businesses across the EU and kick-start the debate on simplification.

Throughout this report, we provide examples of savings and case studies highlighting how they are helping to reduce the cost government imposes on business.

Departmental Simplification Plans can be found on their websites, as well as the Better Regulation Executive website.

www.berr.gov.uk/bre

FIGURE 5: Policy savings for private and third sectors

Delivery to date				Planned delivery	
May 2006	May 2007	May 2008	Dec 2008	May 2009	May 2010
£226m	£471m	£724m	£843m	£980m	£1,216m

Throughout this report we provide examples of savings and case studies highlighting how they are helping to reduce the costs government imposes on businesses.

THE LONDON AGREEMENT

This removes the requirement that firms, when seeking European patent protection, must file patent applications in the national language of each country where protection is sought. It has been estimated that British business will save £10m per annum. This will increase as more EU member states approve the agreement.

CHAPTER 1

REDUCING ADMINISTRATIVE BURDENS

GERRY KERINS – ROCOCO CHOCOLATES LTD

“I rely on it for information.”

The Financial Director of a manufacturer and retailer of wholesale fine chocolates, which has been operating for 25 years with 30-35 people being employed on average, is also responsible for HR and spends around 2-3 days a week on HR related tasks. Due to the seasonal nature of the business, he makes a high volume of changes to the contracts such as altering job descriptions, or amending changes in pay, which can be extremely time consuming, and costly.

He used BusinessLink website in association with employment contracts and found the templates for the written statements helped to ‘clear up any grey areas.’ He believes that BusinessLink is a beneficial tool and helps him keep informed and up to date with new employment law as well as being able to cut costs.

WHAT ARE ADMINISTRATIVE BURDENS?

Administrative burdens are requirements placed on organisations to demonstrate they are complying with regulations. Examples include keeping records, carrying out inspections, completing returns and reports, cooperating with audits, applications for subsidies and grants, applications for permission, exemption or authorisation, framing complaints and appeals, or entries in a register.

THE GOVERNMENT’S SIMPLIFICATION PROGRAMME

Government is committed to reducing and simplifying regulatory burdens to help business, the third and public sectors flourish in an increasingly competitive and challenging

global market particularly amid the current global economic downturn. This document provides a summary of progress since the publication of the first set of Simplification Plans in December 2006, with a particular focus on progress over the past year.

The Simplification Plan programme forms part of the Government Public Service Agreement (PSA), Delivery Agreement 6: Deliver the condition for business success in the UK.

PSA 6: VISION

The Government will deliver better regulation that reduces unnecessary burdens, and works for everyone by being justified and proportionate. To facilitate this, the Government will support and monitor departmental Simplification Plans, implement the Hampton agenda on regulatory services, and lead initiatives to improve the impact and perception of regulation on the ground amongst key stakeholders.

Her Majesty's Revenue and Customs (HMRC) is committed to reducing the administrative burden of tax regulation and has been set separate reduction targets by the Chancellor. In March 2008, HMRC had delivered administrative burden reductions of £186m relating to tax forms and returns, £43m relating to audits and inspections, as well as wider administrative burden reductions to the tax regime of £163m.

GOVERNMENT DEPARTMENTS' COMMITMENT

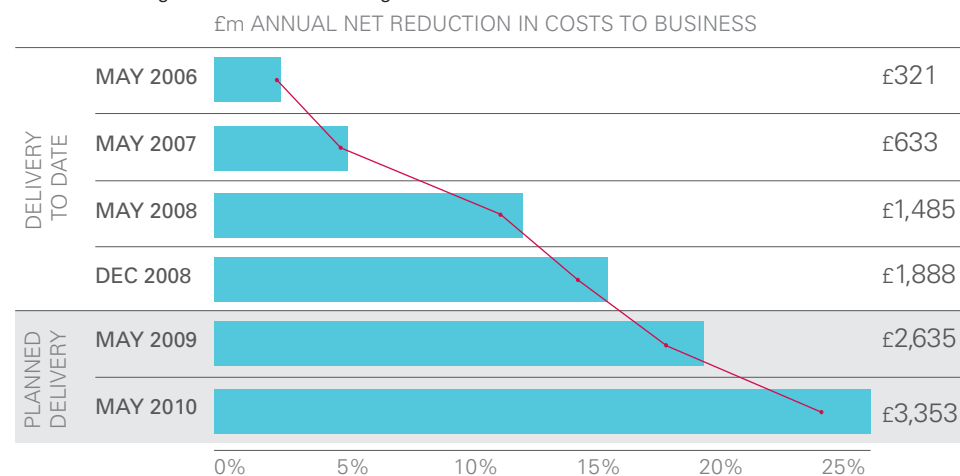
In May 2005 the administrative cost of regulations was measured at around £13.2 billion across 19 government departments, regulators and ministerial public bodies. In December 2006, the Prime Minister announced net reduction targets that would reduce administrative burdens by 25% by 2010.

At the same time, departments agreed to publish annual Simplification Plans stating how these costs would be reduced, and how the main regulatory irritants would be addressed. Departments' Simplification Plans published in December 2008 set out plans to deliver a net annual reduction of 25%, over £3.4 billion by 2010 as shown in the following figure.

In addition, these Simplification Plans set out proposals to make policy cost savings and reductions in public sector burdens.

Simplification Plans provide an insight into individual departments' efforts to drive forward the better regulation agenda, which, in turn, is at the heart of what the Government wants to deliver in terms of driving up UK productivity, modernising public services and influencing regulatory reform in Europe.

FIGURE 6: Progress towards 2010 target



ADMINISTRATIVE BURDEN SAVINGS TO 2010

FIGURE 7: Total net annual administrative burden savings to 2010

Annual savings	Delivery to date				Planned delivery	
	May 2006	May 2007	May 2008	Dec 2008	May 2009	May 2010
Baseline						
£13,199m						
Net Reductions	£321m	£633m	£1,485m	£1,888m	£2,635m	£3,353m
% Reduction	2.4%	4.8%	11.2%	14.4%	20.0%	25.4%

GOVERNMENT'S INFLUENCE ON EUROPEAN LEGISLATION

The UK's work has not been limited only to the domestic sphere. The UK was instrumental in influencing the European Council's adoption of a 25% target for the reduction of European Council's administrative burden by 2012.

The UK is also engaged in equivalent endeavours to encourage simplification of European Union legislation. In July 2008 the Government published a report setting out 25 ideas for simplifying European law. This has been welcomed by the European Commission and other Member States who are committed to the delivery of the 2012 target. Chapter Five highlights progress the UK government has made in Europe.

CHRIS FOX DIRECTOR OF GROUP COMMUNICATIONS AT SMITHS

"We've seen a huge cost saving"

All over the world, airports deploy sophisticated security equipment to ensure passenger safety. Much of that high tech equipment comes from Smiths, a global technology company delivering a wide range of products and services to a variety of different fields.

As a listed company, communication with the company's shareholders is an essential part of the Smiths corporate governance. And one of the many benefits of the Companies Act 2006 is the opportunity for companies to make greater use of electronic communication with its shareholders.

"For our Annual Report, 2006 we printed 35,000 copies to send out to our shareholders" explains Chris Fox, Director of Group Communications at Smiths. "But for the subsequent year, we only needed to print 8,000 copies. Which is a huge cost saving".

"Our shareholders now have the choice of receiving printed material like our Annual Report or a letter or email, informing them that the information is on our company website. Which is why there was such a huge reduction in requests for printed Annual Reports" explains Chris.

"Our cost saving for the 2007 report was in the order of £100,000, and because we didn't need to print 27,000 copies of that 104 page document, we saved on paper as well as mailing costs."

CHAPTER 2

YEAR 3: ACHIEVEMENTS IN REDUCING ADMINISTRATIVE BURDENS

MARTIN STEPHENS – JCDECAUX

“What used to take a day now takes two hours!”

The Department for Communities and Local Government has introduced a single national and electronically accessible application planning form for all Local Authorities.

“It’s a very simple process on the computer to submit the application. It’s so much easier – and faster. Because we work to tight deadlines, there used to be quite a lot of pressure involved in applying for planning consent.

Now it’s a much quicker process, there’s less pressure too. The portal is a real boon to our business. There’s no paper shuffling time at all. And we’ve probably saved several forests!”

TACKLING BURDENS IMPOSED ON PRIVATE AND THIRD SECTOR

2008 sees 240 measures delivered to date, reducing the costs faced by businesses and the third sector by approximately £1.9 billion a year. 500 different simplification measures were identified across 19 Government departments at the beginning of this programme in 2005, of which 48% are now delivering annual savings.

This means that, over the last 12 months, just under £1 billion of additional net annual administrative savings have been delivered. Government has now delivered almost half of the measures which were identified at the start of the programme and is on track to reach the 2010 target.

“The portal is a real boon to our business. There’s no paper shuffling time at all.”

OVERVIEW ON PROGRESS MADE ON ADMINISTRATIVE BURDENS

The following table shows the delivery to date and the planned delivery up until 2010, detailing: the cost of new administrative burdens, the reduction from the 2005 baselines and net reductions.

FIGURE 8: Overview of delivery

Value in £m	Delivery to date			Planned delivery		
	May 2006	May 2007	May 2008	Dec 2008	May 2009	May 2010
Baseline						
13,199						
Gross Reduction	793	1,229	2,148	2,630	3,414	4,193
Gross New Burden	471	596	663	742	779	841
Net Reductions	321	633	1,485	1,888	2,635	3,353
Admin Burden Total	12,878	12,566	11,715	11,311	10,564	9,847
% Reduction	2.4%	4.8%	11.2%	14.4%	20.0%	25.4%

FIGURE 9: Top 10 delivered Administrative Burdens reductions savings

Measure	Explanation	Annual savings
BERR Employment guidance	The Employment Law Guidance Programme was established to reduce the administrative burdens imposed by employment law; to address perceptions of employment law; and, to drive wider business culture change around compliance. The Guidance Programme has produced and promoted free-to-use and legally-compliant online tools, proforma letters and agreement forms, accessible via the BusinessLink.gov website	Original estimates of savings associated with the Employment Guidance Programme totalled £365m. A 2008 survey commissioned through an independent research company, ORC International, confirmed that £418m in annual net savings have been achieved
HSE Example Risk Assessments	Easy to follow examples of how to assess risks in the workplace for 18 types of businesses including convenience stores, estate agencies, dry cleaners and hairdressing salons. Lower risk businesses should spend significantly less time completing their assessments	Last year £29m reported, which has increased to £182m in net savings in 2008 due to publication of risk assessments covering an additional 17 sectors, and further work to communicate these
CLG Competent Persons Scheme	1.2 million pieces of electrical work a year are now certified by “competent persons”, rather than having to go through building control inspection, saving around £110 per check	Last year £65m reported, which has increased to £136m in net savings in 2008 due to the extension of the scheme in 2005/06 – for example to heating, hot water service, air-conditioning being rolled out
DIUS Weights and Measures	The replacement of the complex Weights and Measures (Packaged Goods) Regulations 1986 with simpler regulations – the law is now more flexible, easier to understand and removes some costly information requirements	Last year £119m reported, which has increased to £129m in net savings in 2008 due to a reassessment of the number of businesses benefiting from this new regulation
CLG Repeal of part XI of Housing Act 1985	Reducing the number of licences required by landlords for low risk multiple occupancy households	This has delivered savings of £120m net savings (£207m gross)
DH BROMI phase 1	Pharmaceutical companies now use a self-certification scheme for minor changes to over the counter medicines saving them time and money whilst allowing the MHRA to concentrate on scrutinising complex changes	This has delivered savings of £104m
DCMS Licensing Act	Simplifying multiple licensing regimes under one single act, removing need for regular reapplication for same licence	This has delivered savings of £99m net savings

FIGURE 9 CONTINUES ON THE NEXT PAGE

FIGURE 9: Top 10 delivered Administrative Burdens reductions savings, continued

Measure	Explanation	Annual savings
<p>BERR Electronic communication with shareholders</p>	<p>1.2m companies can now send information to shareholders by email, rather than hard copy. Information that can be provided electronically includes a company's annual report</p>	<p>Evidence from Company Registrars shows that 75% of firms have utilised the option of distributing communications electronically in place of hard copy. Original BERR estimates showed take up of 50%. Total net savings achieved are now £76m per annum against £66m reported last year</p>
<p>CLG Fire safety Regulatory Reform Order</p>	<p>Making it easier for businesses to understand and comply with fire safety through one simple risk-based fire safety regime, including removing the need to apply for and keep a copy of a fire certificate</p>	<p>Last year £53m reported, which has increased to £74m in net savings in 2008 due to a further information obligation being removed</p>
<p>DWP Minimum Funding Requirement regulations</p>	<p>These regulations provide more flexible scheme-specific funding arrangements whereby trustees are free to choose a funding strategy and make assumptions, albeit supported by an actuarial report</p>	<p>This has delivered £64m net savings. This is broken as £40m for the Occupational Pension Schemes Regulation 1996 and £24m for sections 56-61 of the Pensions Act 1995</p>

FIGURE 10: Further delivered Administrative Burdens reduction savings of £10m and above

Department	Description of savings	Annual savings
BERR	Remove requirement for private companies to hold Annual General Meetings	£45m
DfT	Revision of the passenger rail franchise map, reducing the number of separate franchises	£31m
Food Standards Agency	Safer Food Better Business- A pack and a simple record keeping diary aimed at helping small food caterers and retailers comply with food safety management procedures. Packs have been developed for various cuisine types, with an interactive DVD in 16 different languages and also a diary for record-keeping. Training and coaching advice is also provided	£28m
HSE	Control of Asbestos Regulations- Consolidation of 3 regulations makes it easier to understand what requirements apply to a business. Also removing the licensing requirement for those who work with textured decorative coatings	£28m
DWP	Improve pension regulations to make payments by employers less prescriptive by easing the requirement to report late payment of pension contributions. Fewer reports are now necessary	£24m
DWP	Simplify member-nominated trustee/director requirements- New regulations introduced by DWP in 2006 introduced flexibility, giving pension scheme operator's freedom, within a broad framework, to devise their own arrangements for nomination, selection and notification of member-nominated trustees and/or directors. They no longer have to go through a burdensome consultation exercise if they want to appoint a member-nominated trustee or director	£23m
HSE	Sensible Risk Management – Display Screen Equipment, Manual Handling and Noise Risk Assessment requirements – New easy-to-follow example risk assessments include guidance on display screen equipment, manual handling and noise so risk assessments can be completed in one go	£18m

Department	Description of savings	Annual savings
HSE	Workplace (Health, Safety and Welfare) Regulations – Guidance on labelling drinking water to make it clear that business only need to label water when it is not safe to drink	£17m
HSE	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)-Simplifying the reporting process through promotion of the Incident Contact Centre telephone and web service	£17m
DH	Review of National Minimum standards for Adult Social Care-stage 1- a reduction in how often care homes are inspected along with a reduction in the number of things the inspectors look at	£16m
DEFRA	Common Agricultural Policy- improved guidance and a single simplified form for farmers	£16m
Food Standards Agency	Production of UK Guidance Notes for Regulation (EC) 178/2002 (Traceability)- Guidance providing clearer advice on how to comply with legal requirements covering food safety, traceability of food and the need to withdraw and/or recall products	£16m
MoJ	Legal Aid Reforms-Civil Unified Contract- three data requirements have been removed from the Civil Unified Contract	£16m
MoJ	Legal Aid- Simplified the Unified Contract	£12m
CLG	Building Regulations: the implementation of User Centred Guidance avoids duplication across each Local Authority area, helps the general public, developers, professionals and Local Authorities to get an easier access to guidance on regulations, for example to learn if and how the regulations apply or get Buildings Consent applications right first time	£12m
DEFRA	Removal of the Tuberculosis (England and Wales) Order 1984	£12m
DH	Better Regulation of Medicines Initiatives (BROMI) Phase 2b) The principles (Phase 1) to self-certify minor changes to medicines themselves has been extended to changing the brand names of over the counter medicines	£11m
DWP	Remove regulation requiring landlords to provide information for backdating certain housing benefit claims in the case of refugees	£11m

FIGURE 11: Examples of other delivered Administrative Burdens reductions savings

Measure	Description of savings	Annual savings
DEFRA Packaging Waste	Small businesses will no longer have to collate data on the packaging handled by the business, supply the data to the Environment Agency or calculate their recovery and recycling obligations	£1m
MOJ Introduction of electronic conveyancing into England and Wales	Electronic conveyancing which commenced in October 2003 is being introduced progressively over a 10 year period. It will reduce delays, save time and money, bring greater transparency and certainty, and reduce anxiety for people buying and selling property enabling paperless transactions will replace those currently relating to traditional conveyancing processes	£500,000
HSE Forms project	Removal of all forms that are no longer necessary, approximately 54% of HSE forms	£250,000
DFT Registration of Number Plate Suppliers.	Remove unnecessary burdens on number plate suppliers by reducing the number of required forms of identification to show proof of identity and entitlement to purchase a number plate. It also allows motor dealers to be exempt from checking ID	£100,000
DIUS Intellectual Property Rights- Implementation of revised European Patent convention	Allows a single application to file patents in multiple EU member states	£100,000

EVE DAVIS – TFC LTD

“Makes more sense and saves money...”

Eve is a director of TFC Limited, a company which specialises in selling industrial fasteners. She has some HR responsibilities although the company also employs a HR administrator. The company no longer uses external consultants for advice on employment law, as they are expensive and Eve gains most of her information about employment legislation by **“surfing the Net.”**

The company keeps their knowledge updated by visiting guidance websites, such as BusinessLink. Eve has found that this approach **“makes more sense and saves money...”**

Eve thought the BusinessLink flexible working time guidance was helpful and easy to navigate. She especially liked the specific forms available for download and that the relevant form needed at each stage in the process was given in the correct order. In particular, she was positive about this as developing forms **“can be time consuming.”**

Eve also liked the link to the ACAS helpline and the **‘Tell a friend about this page’**; indeed she said she would use this to let her HR administrator know about this specific guidance and to encourage her to visit it and to find out more.

“

Eve thought the BusinessLink flexible working time guidance was helpful and easy to navigate. She especially liked the specific forms available for download.

”

ADMINISTRATIVE BURDENS: PROGRESS BY INDIVIDUAL DEPARTMENT AND AGENCIES

The following table highlights a departmental breakdown of delivery to date alongside the planned delivery for the remainder of the programme.

FIGURE 12: Progress by individual Departments

Department ⁴	Baseline (£m)	Net savings delivered to date		Projected net savings by May 2010	
		Dec 2008 (£m)	Dec 2008 (%)	May 2010 (£m)	May 2010 (%)
BERR^{5,7}	4,068	571	13.8%	1,048	25.8%
Cabinet Office	15	0	0%	2	15.6%
Charity Commission	37	0	0.3%	5	14.2%
CLG	2,487	363	14.6%	643	25.9%
DCMS	343	156	45.4%	161	46.8%
DCSF	210	0	0%	59	28%
DEFRA⁷	460	38	8%	87	19%
DfT	585	79	13.5%	141	24.1%
DH	1,202	91	12.9%	89	26.6%
DIUS	543	130	24.0%	169	31.2%
DWP	471	136	28.9%	136	28.9%
Forestry Commission	2	0	26.5%	0	26.5%
Food Standards Agency⁶	91	-68	-75.1%	13	13.9%
GEO	6	0	-4.4%	0	-4.4%
HM Treasury	159	-10	-6.0%	105	66.3%
Home Office	83	13	16%	19	23.2%
HSE	2,023	318	15.7%	544	26.9%
MoJ	369	39	10.7%	78	21.1%
ONS	49	6	13.0%	8	15.4%
Total	£13.2bn	£1.9bn	14.4%	£3.4bn	25.4%
Financial Services Authority	855	53	N/A	73	N/A

⁴The Foreign Commonwealth Office have not produced a Simplification Plan this year, but remain committed to the Better Regulation Agenda.

⁵BERR Implementation of the Unfair Commercial Practices Directive in May 2008 has potential to reduce administrative burdens by up to £261m.

⁶New EU food and feed hygiene regulations, introduced on 1 January 2006, more than doubled the Food Standards Agency's burden from £91m to £205m, but they remain committed to working towards a net reduction of 25%, and this would reduce the burden by around £130 million.

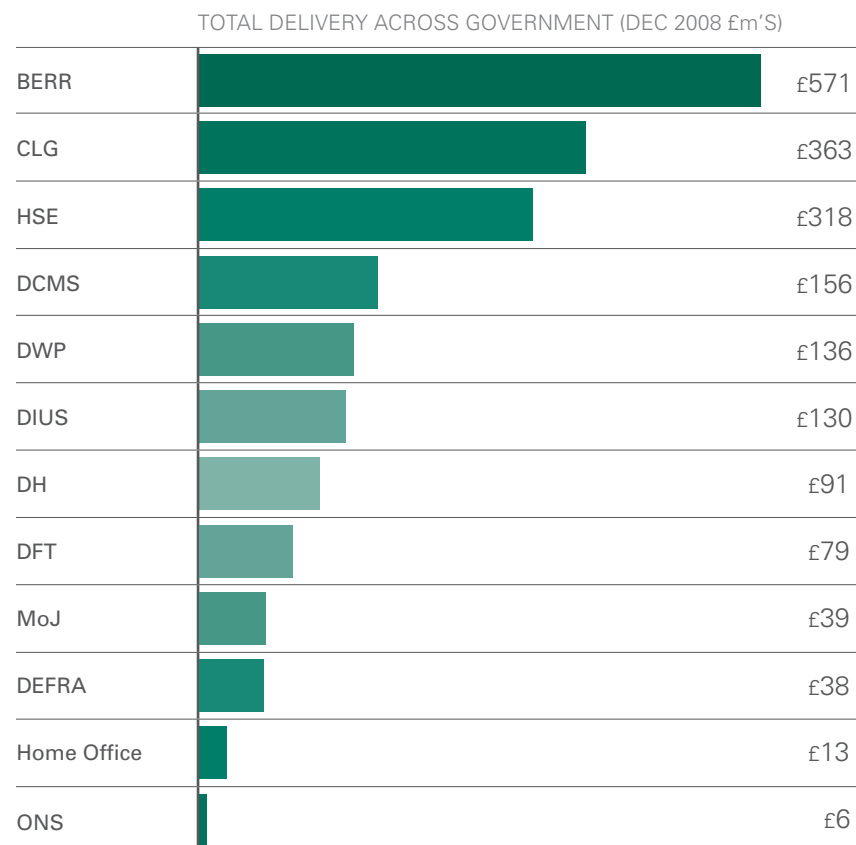
⁷These figures include administrative burdens that will be transferred to the Department of Energy and Climate Change.

TOTAL DELIVERY ACROSS GOVERNMENT

Due to the nature of their remit, three departments are responsible for approximately 65 per cent of the total administrative burden: Communities and Local Government (CLG); the Department for Business Enterprise and Regulatory Reform (BERR) and the Health and Safety Executive (HSE).

Their main policy areas impose the largest administrative burdens as they apply to most businesses in the UK. These areas include: Planning Law (CLG), Employment Law (BERR), Company Law (BERR), and Health and Safety Law (HSE).

FIGURE 13: Delivery across Government by December 2008



YEAR 3: INVOLVING BUSINESS IN VALIDATING ACHIEVEMENTS

EXTERNAL VALIDATION PANEL

The Government recognises the importance of ensuring departments reduction efforts deliver real savings that businesses will feel on the ground. In November 2008 an External Validation Panel was established including representatives from the Confederation of British Industry, the Institute of Directors, the British Chambers of Commerce, the Federation of Small Businesses and the Trades Union Congress.

This Panel provides a robust challenge and quality assurance role; testing the assumptions underpinning the reported delivered administrative burden

reductions to ensure they deliver real and meaningful benefits to private and third sector organisations.

The Panel reviewed and challenged the top administrative burden reduction Government departments have implemented from May 2005 until May 2008, covering 80% of the reported gross annual savings, to ensure that departments have delivered the savings and real and meaningful benefits to private and third sector organisations.

Following their review, an estimated £1.5bn of gross simplifications were approved, with an addition £182m simplifications approved subject to follow up actions.

MATTHEW FELL – CBI

The External Validation Panel was a useful way to scrutinise simplification measures put in place to date. The day was a good reality check for officials to ensure that the changes are making a real difference for business on the ground – and the majority of cases stood up to this test well.

The External Validation Panel members asked government to re-review the remaining simplifications to ensure they are credible and we have done this for all simplification measures worth more than £10m; an additional estimated £220m.

Appendix A gives a list of the top measures validated by the External Validation Panel taken from departmental Simplification Plans published in October 2008, which can be found on individual departmental websites, as well as the Better Regulation Executive website, www.berr.gov.uk/bre

This approach aligns with the views of the National Audit Office (NAO) who, in their second review on Simplification Plans, highlighted the need for "...confidence that the claimed figures reflect the experience of businesses" and that when validating savings saying Government should "...involve representatives from business or business organisations to test bigger claims."

FIGURE 14: Overview of validation

Total gross administrative burden reductions delivered by December 2008	£2.7bn
Total gross administrative burden reductions delivered by May 2008	£2.2bn
Total gross administrative burden reductions delivered by May 2008 which have been subject to validation	£1.7bn

CHRIS HANNANT – BCC

I think the external validation is a vital part of the process for reducing burdens. Measurement of the impact is essential, not just for quantification of what officials are doing, but also as a spur to their thinking in a different way. The more government considers the way regulation affects business, the more likely they are to get it right.

SARAH VEALE – TUC

The TUC welcomes the external validation process as a means of providing supportive objective commentary to departments as they work to improve and simplify the regulation for which they are responsible.

YEAR 3: REDUCTIONS IN POLICY BURDENS

Policy burdens are the costs inherent in meeting the aims of a regulation. This could be a direct cash cost, such as installing a pollution filter on a factory chimney as prescribed by legislation, or it could be an indirect cost, for instance through necessary changes in working practices.

While the Government has not set a target for reducing policy costs, Departments constantly look for opportunities to simplify regulation.

FIGURE 15: Gross policy savings for private and third sectors

Delivery to date				Planned delivery	
May 2006	May 2007	May 2008	Dec 2008	May 2009	May 2010
£226m	£471m	£724m	£843m	£980m	£1,216m

POLICY BURDENS: PROGRESS BY INDIVIDUAL DEPARTMENT AND AGENCIES

The table to the right highlights some of the policy savings Departments have introduced that will benefit private and third sector organisations.

FIGURE 16: Top 10 policy savings for private and third sectors

Department	Proposal	Estimated Annual Saving
Food Standards Agency	Safer Food Better Business- A pack and a simple record keeping diary aimed at helping small food caterers and retailers comply with food safety management procedures. Packs have been developed for various cuisine types, with an interactive DVD in 16 different languages. Training and coaching advice is also provided	£128m
DfT	Better targeted safety inspection requirements for goods vehicle and passenger transport (HGV and PSV) operators. DfT published a revised "Guide to Maintaining Roadworthiness" in December 2006. The guidance will reduce the number of times some modern vehicles need to be given vehicle inspections (other than annual 'MoT' tests), saving time and costs for some operators	£100m
DfT	Removing bilateral restrictions on international air travel to and from the UK. Concluding agreements to remove restrictions on international air travel to the UK which will have the effect of increasing air travel to and from the UK. This will increase the revenue of relevant companies	£100m
DfT	Mutual recognition of Certificates for Radioactive Material Transport Packages between UK and France. Reduced burden on radioactive material transport industry. A single application will result in certification in both UK and France	£75m
BERR	Other Companies Act measures including codification of directors' general duties	£68m

FIGURE 16 CONTINUES ON THE NEXT PAGE

FIGURE 16: Top 10 policy savings for private and third sectors, continued

Department	Proposal	Estimated Annual Saving
Food Standards Agency	When the Over Thirty Month (OTM) rule was abolished in November 2005, cattle born on or after 1 August 1996 can enter the food chain as long as they test negative for BSE. Livestock farmers have benefited from an estimated £39.2m annually in terms of increased revenue from sale of cattle which is far greater than the revenue they received through the compensation scheme for destroying these cattle. Government is estimated to save £103.5m in year one, £110m in year two and £112.4m in year three of the abolition of the OTM rule due to fewer compensation payments being made	£39m
DfT	Amend legislation to allow the exchange of driver and vehicle registration details between various European states. This will permit electronic checking of imported vehicles being registered and overseas driving licences being exchanged. Motorists, Enforcement Authorities, Motor Trade and Insurance Trade will benefit from more secure car purchasing and reduction in criminal car imports	£30m
HMT	Reinsurance Directive implementation (RID)	£25m
HMT	Allowing firms to rely on other firms' money laundering customer due diligence measures	£14m
DH	Review of National Minimum standards for Adult Social Care- stage 1- a reduction in how often care homes are inspected along with a reduction in the number of things the inspectors look at	£12m
HMT	Allowing firms greater choice in records kept under Money Laundering Regulations	£12m
DIUS	The London Agreement removes the requirement that firms, when registering patents within the EU and EEA, must file for patent protection in the national language of each country where protection is sought	£10m

THE LONDON AGREEMENT

This removes the requirement that firms, when seeking European patent protection, must file patent applications in the national language of each country where protection is sought. So far 12 countries have approved the Agreement. Translation is estimated to be around 25% of the costs of a European patent and therefore by removing this requirement it has been estimated that British business will save £10m per annum. This will increase as more EU member states approve the agreement.

When filing for a European patent to provide protection in Croatia or Denmark, a British business will no longer have to pay for the translation to be done in Croatian and Danish; it will be sufficient for it to be in English. A definite saving for the British firm. By the same token, a Croatian firm wishing to file for patent protection in Britain and Denmark will only have to translate the documentation into English.

CHAPTER 3

STRATEGY FOR SMALL BUSINESS REGULATION

IAN GREEN AND JACKIE DALES – LONDON ROAD BAKERY

On the safer food better business scheme

“When we started to run the business, there was no formal system in place to ensure we met legislative requirements. Then our local Environmental Health Officer introduced us to the Safer Food, Better Business scheme. And it has proved invaluable.”

THE ENTERPRISE STRATEGY⁸ COMMITMENT TO SIMPLIFIED REGULATION FOR SMALL FIRMS

There are over 4.7 million small and medium sized enterprises (SMEs) in the UK, employing over half of the UK’s private sector workforce and contributing to just over 50% of GDP. Reducing burdens for small businesses can have a major positive impact on small businesses.

In 2008’s Enterprise Strategy, the Government committed to a new approach in how it thinks about new and existing regulation for firms employing fewer than 20 people in order to:

- make sure that regulations are only applied where the risks justify it;
- take account of the limited capacity of small firms to comply with multiple and complex regulations; and
- design specific approaches for small firms, for example, simplified guidance, exemptions and easy-to-use forms

This further embedded the ‘think small first’⁹ principle into new policy development when considering the impact of regulation on small firms. For example, investigating

how flexible approaches to design and implementation could be adopted without affecting essential protections. The main driver is to ensure a greater risk based approach when developing regulation that minimises the costs for small businesses.

PROGRESS AND SUCCESS

This new approach to regulating small firms means that all Government departments have to consider the effect on small businesses of new regulation put before Parliament and how they can minimise this. Departments have also been asked to review existing regulation and the potential for small firms simplification.

The 2008 Simplification Plans have begun to capture the results of the efforts made to embed the process of small firm regulation across government. This will be a continuing feature of future plans.

⁸ <http://www.berr.gov.uk/files/file44992.pdf>

⁹ <http://www.berr.gov.uk/sfit>

2008 ACHIEVEMENTS

MEASURES BENEFITING SMALL BUSINESS

HSE PUBLICATIONS

HSE has targeted some publications specifically at SMEs to help them to comply with legislative requirements. Including:

- a short guide on warehousing and storage, additional to the main guide to the regulations, aimed at small businesses.
- a leaflet "Getting specialist help with health and safety" aimed at small companies which helps them to decide how and where to look for expert advice and guidance.
- a revised version of "The absolutely essential health and safety toolkit for the smaller construction contractor".
- sector specific short publications, designed to help employers working in these sectors manage specific health and safety risks.

CONSUMER LAW

BERR has simplified complicated consumer law, making it easier for consumers and business to understand, and for enforcers to enforce. The implementation of the EU Unfair Commercial Practices Directive (UCPD) through the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) in May 2008 introduces a general duty on traders not to treat consumers unfairly and will affect approximately 325,000 firms in the retail sector, the great majority of which are small firms employing four people or fewer. There are also approximately 153,000 hotel and restaurant enterprises, the majority of which will be affected, as well as a wide range of other sectors which will be affected such as the real estate and services sectors.

MEASURES BENEFITING SMALL BUSINESS

ELECTRONIC BILLING BY SOLICITORS

The Ministry of Justice has simplified rules which previously prescribed that solicitors bills had to be provided by post. Electronic billing inevitably reduces overheads associated not only with postage costs but also stationery and costs of salaried staff managing a higher 'post room' volume. Also, bills of costs can now be signed off by an authorised employee other than a solicitor. This reduces the time burden imposed on solicitors (who will be of a higher pay grade) and enables work to be devolved to specific accounts staff, enabling greater efficiency within small firms.

MEASURES BENEFITING SMALL BUSINESS

FOOD STANDARDS AGENCY SAFER FOOD BETTER BUSINESS (SFBB)

European Union Food Hygiene Regulations introduced a new requirement on all food businesses to have documented food safety management procedures in place. Recognising the challenge this posed for small businesses the Food Standards Agency developed the Safer Food Better Business guidance.

Aimed specifically at small food retailers and caterers, the pack uses pictures and simple language, consisting of a series of Safe Method factsheets together with a diary for record-keeping. An interactive DVD in 16 different languages provides an additional training resource. Food Standards Agency has also provided training and coaching advice to small businesses to help them feel confident when carrying out their legal duties and minimise the regulatory burden on them.

The Food Standards Agency has funded a £12m, 3 year role out programme in England. This includes projects providing face to face support to more than 50,000 small businesses, using food safety seminars and 1:1 coaching in their premises. Local Authority officers were supported with a toolkit, containing template promotional and other materials. A national programme equipped over 1,400 enforcement officials with the coaching skills considered necessary to deliver SFBB support to small businesses.

Over 350,000 packs have now been requested by businesses and Local Authorities (LAs).

MEASURES BENEFITING SMALL BUSINESS

COMPANIES ACT

Small companies no longer need to appoint companies secretaries, or have multiple directors sign to execute deeds.

As part of BERR's implementation of the Companies Act 2006 they are rewriting company law to 'think small first' and make provisions which apply to small companies easier to understand and comply with. Among the benefits for small companies are:

- separate and simpler model articles for private companies reflecting the way small companies operate;
- a separate, comprehensive "code" of accounting and reporting requirements for small companies.

Modernising company decision-making processes by abolishing statutory Annual General Meetings for private companies and making it easier for private companies to take decisions by written resolution.

Our implementation of the Companies Act 2006 will reduce annual administrative burdens on business by around £300 million. Over £237 million worth of savings have already been provided.

There have also been important service improvements at Companies House.

It's much less complicated and intimidating

Delivering food to thousands of customers across the country, day in, day out, is an exercise in logistics for any organisation.

But for Nottingham based company, Hopwells, a frozen and chilled food wholesale distributor who operate 100 trucks working in and out of six different depots, the health and safety issues involved in their business are also complex. Particularly when it comes to assessing risks.

"We have up to 10,000 delivery points and they vary from care homes, canteens, hospitals, schools to pub cellars" explains Operations Director Phil Holman.

"So there are many different risks involved in our business. You can have on-site risks involving movements of forklift trucks and delivery vehicles. Or there are different types of risks when you make deliveries to customers' premises. And, of course, you've got the risks around the harsh conditions involved in cold storage – where people can be working in temperatures like –23degrees."

Phil has worked as Operations Director for 12 years. "When we started doing our risk assessments we'd just look at the risks which applied to all depots. But over time, we'd started to focus on the risks involved in smaller, individual tasks. So we ended up with a very long winded document."

But now, thanks to the introduction of a one stop online service from the Health & Safety Executive (www.hse.gov.uk) preparing the company's risk assessment is much simpler and less time consuming. The site offers a complete step by step guide to completing a risk assessment as well as sample, industry specific risk management plans, streamlining the process of making the assessment -- and making it much easier to complete.

"Now our assessment is just one page and it's much less complicated and intimidating" says Phil. "It makes the paperwork burden easier and we have a simple, effective way of completing our assessments. "It's a positive step along the way to simplifying our admin procedures."

“

It's the best thing that has happened in the safety area for our industry – there's no reason why any betting shop, large or small, can't follow this online procedure.

”

CHAPTER 4

FOCUS ON THE THIRD SECTOR

SATISFIED CALLER TO CHARITY COMMISSION DIRECT

Improvements have been made to the Charity Commission Direct service, a single point of contact for all enquiries

“I felt I must email to say a big thank you on such prompt and efficient action. It is not very often in these days of impersonal call centres and frustrating press 1, press 44, press 246... phone calls that we get service as good as this. Well done. Once again, a BIG thank you”

DELIVERING REAL BENEFITS FOR THE THIRD SECTOR

This year's Simplification Plans show encouraging progress across Government in reducing the regulatory burden on charities, social enterprises and voluntary organisations. Each department's plan has specific focus on simplification measures that impact on the third sector whilst the Charity Commission and the Office of the Third Sector, the sections of Government most involved, have introduced a number of targeted simplifications.

The Charity Commission and the Office of the Third Sector held a consultation on raising financial thresholds for a range of reporting and accounting

requirements in order to find the best balance between deregulation and transparency for smaller charities. This complements the Charity Commission's ongoing work to simplify reporting for charities, including further simplifications to annual return forms and the opportunity to submit forms through the Commission's online services.

Improvements have been made to the Charity Commission Direct service, a single point of contact for all enquiries, and the Charity Commission website has been redesigned. As a result access to information for charities and the public is faster and simpler, highlighted by the Commission's quick provision of online

guidance on the effect of the Icelandic banking crisis on charities.

The Office of the Third Sector has worked to improve funding arrangements between the public and third sectors, identified as a key regulatory issue in discussion with strategic partners in 2007. The Office has improved the support available to other government departments by providing training to public sector officials who commission from the third sector. More guidance is expected this year, including a focus on better monitoring and reporting requirements.

2008 ACHIEVEMENTS

MEASURES BENEFITING THE THIRD SECTOR

THE THIRD SECTOR NETWORK

The Home Office established its third sector network last year to develop improved and innovative ways of working with the third sector.

The network has been involved in the revision of the UK Borders Agency approach to working with the third sector to deliver essential services for Asylum seekers and refugees. They have investigated forging closer links between the department's Public Service Agreements and grant funding, and how to create mixed support packages that include capacity building for the sector.

They have also contributed to the Office of the Third Sector's training programme for Local Authority service commissioners. Local Area Agreements in place that help simplify funding and join up public services, which also demonstrate how the department is committed to ensuring Commissioners can effectively engage with the third sector at all levels.

CHILDCARE

DCSF has implemented new arrangements exempting certain types of short term childcare from compulsory registration. This will represent savings to many small providers (like crèches) who will not now be required to register.

For providers caring for older children, there will be no requirement for them to undergo a pre-registration visit from Ofsted – instead providers will be required to demonstrate at the point of registration that essential requirements have been met and to meet proportionate ongoing requirements.

MEASURES BENEFITING THE THIRD SECTOR

GIFT AID SIMPLIFICATION

From the 2008 Budget, HM Treasury have made a number of simplifications to the administration of Gift Aid. The claims process has been simplified to allow charities to combine claims of under £10 into aggregated claims of up to £500, and HMRC agreed to develop a framework in which charities might opt to destroy Gift Aid declarations after 6 years, provided a database record is retained.

HM Treasury have committed to continue work with charities and donors to look at how to simplify the Gift Aid system more radically, without putting at risk what is widely recognised to be a very successful system.

IMPROVEMENTS TO PROCUREMENT PROCESSES

Third sector suppliers can provide value for money through intimate knowledge of their local communities and from having lower overheads. By adopting tools such as www.Supply2.gov.uk to advertise procurement opportunities, CLG are endeavouring to enable third sector organisations to cost-effectively tender for Departmental requirements.

A 'Meet the Buyer' event in 2009 will be an opportunity for social enterprises and other third sector organisations to discuss with Departmental representatives opportunities for contracting and future collaboration.

"It's much easier to submit our accounts."

Preparing accounts for audit used to be a real headache for Stephen Burke, Chief Executive of Counsel and Care, a charity which provides care services, benefits and housing options for older people. Now, instead of guidelines changing each year, a simple on-line template does the job for him. "Now it's much easier for finance to submit our accounts online because there's a pre-determined template. So there's less paperwork." And more time for charities to focus on what they do best – delivering services.

CHAPTER 5

A PROGRAMME FOR CHANGE IN THE PUBLIC SECTOR

DAC ALF HITCHCOCK, HEAD OF THE TACKLING KNIVES ACTION PROGRAMME (TKAP)

“The Tackling Knives Action Programme has a clear objective to address the harm to young people caused by knife crimes, and a key element has been the enhanced enforcement carried out by police forces. This has included use of the stop and search power, and the reduction in the complexity of this form has freed up time enabling officers to be more productive, reducing inconvenience to the public, whilst maintaining appropriate safeguards in the use of the power.”

GOVERNMENT’S COMMITMENT TO CUT BUREAUCRACY FOR OUR PUBLIC SERVICES

The Government’s public sector strategy, “Cutting Bureaucracy for our Public Services” was published in June 2007 to address concerns of front line workers that too much of their time is spent on unnecessary paperwork and requests for information from central Government departments. The past year has seen a continuation of the progress made across Government in tackling public sector bureaucracy and data burdens.

The key aims of the strategy are:

- 30% net reduction of requests for data from front line workers by May 2010;
- A reduction in the stock of unnecessary bureaucracy in the areas the front line cares most about;
- Better engagement with front line workers to identify and remove bureaucracy; and
- Better regulation that is understood and mirrored through the public service delivery chain.

To meet these objectives each Government department identified and published the information it requires front line public sector organisations to provide, either to the department or to a third party such as a member of the public. This has meant that for the first time, Government has a picture of the number of times it asks the public sector front line to provide information.

The Department of Health, the Department for Children, Schools and Families and the Department for Innovation, Universities and Skills are assessing the burden associated with their data requests and have set targets to reduce this burden. This work is being taken forward, for example through removing requests, reducing the frequency of requests or through making data returns more efficient and streamlined.

FIGURE 17: Departments declaring burdens reductions in time or cost

Department	Measured in...	Burden reductions	Percentage reductions
DCSF	Cost	£595,000	7%
DH*	Staff resource	Equivalent to approx. 54 FTE staff over a year	10%

*Excluding social care

DIUS is focusing on minimising the time and resource public sector bodies spend on data reporting to the Department, rather than the number of data streams itself. It has a target to deliver a 20% reduction in the costs of accountability requirements for Higher Education Institutions by the end of 2008. Independent consultants are currently assessing success against this target and are due to report in Spring 2009.

Other relevant Government departments have committed to reduce the number of data requests on the public sector front line and have set out their progress in their Simplification Plans in December 2008. To date, these departments have identified around 130 data-streams for removal – 27% of the total number of data-streams they impose.

FIGURE 18: Departments declaring burdens reductions in number of data streams

Baseline number of data-streams ¹⁰	Number of data streams identified for removal	Percentage reduction
489	133	27%

¹⁰Includes the following departments: BERR, Cabinet Office, CLG, DCMS Defra, DFT, DWP, Home Office, Ministry of Justice

2008 ACHIEVEMENTS

This year has seen a continued reduction in data burdens. Highlighted here are some examples of progress made in reducing data requests across government that have realised the greatest cost savings or addressed those burdens that are considered the greatest irritants by front line workers.

MEASURES BENEFITING THE PUBLIC SECTOR

DATA REQUESTS IN EDUCATION AND EARLY YEARS

The Department for Children Schools and Families (DCSF) is running a project to identify where data collections, or items within them, can either be deleted or combined to reduce burdens on the front line. This has resulted in the identification of simplifications estimated to reduce the compliance burden on schools and Local Authorities by around £595,000.

Further reductions are also being considered by the Star Chamber before going to Ministers for approval. This is a board consisting of head teachers, staff from local authorities and the department which is responsible for reviewing existing and proposed data collection exercises originating from within DCSF. The Department is also seeking to reduce unnecessary bureaucracy in

health and safety paperwork through guidance – to be issued jointly with the Health and Safety Executive – on sensible and proportionate risk management. To assist with the planning of school trips, an area frequently cited by teachers as a source of irritation, online materials assist teachers to explain the steps they should take when preparing learning outside the classroom.

MEASURES BENEFITING THE PUBLIC SECTOR

REDUCING BUREAUCRACY IN POLICE FORCES

Data collected from the police is governed by the annual data requirement procedure (ADR). By the end of 2009/10, it is planned that a new Home Office Data Hub will automatically receive crime and human resource data from force management information systems. This will halve the number of data requests to 45 by 2010/11 which will significantly reduce the time spent by police forces in providing data and responding to urgent ad hoc information requests.

Furthermore, the Policing Green Paper¹¹ states that the Home Office will review the amount of data that it collects from police forces with the aim of reducing it by 50%.

BUREAUCRACY IN THE PRISON SERVICE

MoJ's 2007 Simplification Plan listed 19 measures across its four key delivery agencies that front line staff had identified as their top irritants. All have been accepted as areas where reductions in the burdens experienced by staff can be made. In five cases, new processes are in place and progress is being made on the remainder to explore options for removal.

For example, there is currently duplication of assessment and sentence calculation when prisoners transfer between prisons. As a result of engagement with the front line, a programme is due to be rolled out to prisons which will significantly reduce the need to re-enter information on prisoner transfers.

¹¹ From the neighbourhood to the national: policing our communities together, 17 July 2008

MEASURES BENEFITING THE PUBLIC SECTOR

INSPECTION IN HEALTH SERVICES

Hospitals and other healthcare providers often refer to the burdens placed on them as a result of duplication of visits and inspections by various public sector regulators. In a bid to address this issue, the Health and Social Care Act 2008 gives statutory powers to the new regulator for health and adult social care – the Care Quality Commission (CQC) – to coordinate such visits.

From April 2009 onwards, the Act will enable CQC to give notice to other inspecting bodies requiring them not to carry out the proposed inspection at that time, or not in the manner proposed, when it would impose an unreasonable burden on an organisation.

STOP AND ACCOUNT

Since 2005, police officers have been required to fill out a long form when conducting a 'Stop and Account'. This is when an officer requests a person in a public place to account for themselves by asking questions which are more than just general conversation.

Following a direct recommendation from Sir Ronnie Flanagan's review into policing, the Home Office has launched a series of pilots on how police officers will be recording stops.

Under these pilots, the police will no longer have to complete a long form containing detailed personal information, therefore saving everybody time. Instead, the officer will give the person stopped a business card to ensure accountability of the police.

CHAPTER 6

BETTER REGULATION IN EUROPE AND BEYOND

REDUCING EUROPEAN ADMINISTRATIVE BURDENS

“The main objective of this programme is ambitious but realistic: to cut 25% of the current burden by 2012. If the data from the pioneers of this initiative among the Member States can be extrapolated, cutting red tape to this extent could, over time, lead to the EU’s overall GDP rising by around 1.5%.”

Günter Verheugen
Vice-President of the
European Commission
responsible for Enterprise
and Industry

EU SIMPLIFICATION PROGRAMME

Over the past year Government has continued its intensive engagement with the EU institutions and other international organisations to promote the better regulation agenda. This is of critical importance since over half of all new regulatory costs typically originate from EU legislation.

MEASURING THE ADMINISTRATIVE COSTS OF EU LEGISLATION

To complement its national work to reduce administrative burdens imposed on business and the third sector, the UK is engaged in parallel efforts to simplify European Union legislation.

At the Spring European Council in March 2007, EU Heads of State and Government unanimously agreed to set a target to reduce administrative burdens arising from EU legislation by 25% by 2012. Following this announcement the European Commission identified 41 pieces of EU legislation, across 13 priority policy areas and embarked upon a programme of calculating the administrative costs to businesses arising from them. This involved a combination of new measurement work and extrapolation of data from those countries which had already carried out national measurement exercises, including the UK.

UK GOVERNMENT’S CONTRIBUTION

Building on input from the private and third sectors, the Government published a report setting out 25 ideas for simplifying EU law in July 2008¹². The aim was to promote specific proposals which would make a real difference to businesses across the EU and kick-start the debate on simplification. It has been welcomed, not only by the European Commission, but also by other Member States which are committed to the delivery of the 2012 target.

¹² 25 ideas for simplifying EU law: <http://www.berr.gov.uk/files/file47148.pdf>

2008 ACHIEVEMENTS

EUROPEAN MEASURES BENEFITING UK BUSINESS

SMALL BUSINESS ACT

In June 2008 the Commission published a Small Business Act for Europe. It aims to create a friendlier environment for small businesses and embed the 'Think Small First' principle into EU policy-making. BERR lobbied hard to ensure that measures to improve the regulatory framework in which small businesses operate were included. The Commission's commitment to follow the UK example, and to include the introduction of Common Commencement Dates for EU legislation as part of this initiative, was therefore a welcome step. Under the UK system, the Government introduces legislation affecting business on two specific dates each year. This makes it much easier for companies to prepare for upcoming regulatory changes, helping them to plan and budget for new measures more effectively. Extending this approach to EU legislation will increase the existing benefits of the UK system by making it much more comprehensive.

OVERHAUL OF EU FOOD LABELLING LEGISLATION

The Food Standards Agency is very much aware of the effect that food legislation can have on third sector organisations that raise money, at fêtes and other public fund raising events, by selling home produced foods. Current UK Food Labelling Regulations provide an exemption from most of the general labelling requirements for food prepared by charities and for public fund-raising events.

This year, the agency has lobbied hard to retain this exemption during the current overhaul of EU food labelling legislation and have succeeded in retaining flexibility for the third sector in the latest European Commission proposal on this issue. Food Standards Agency will continue to support this proposal in its progress through Brussels.

EUROPEAN MEASURES BENEFITING UK BUSINESS

RADIOACTIVE MATERIAL TRANSPORT

Radioactive material (RAM) is one of nine classes of dangerous goods for transport.

In February 2008, Department for Transport agreed with France to set up an Association of Competent Authorities of the EU for the transport of radioactive material.

This agreement delivered administrative savings to business of £400,000. Department for Transport are now working to extend this regime to other EU countries which will provide further savings of at least £300,000.

This will deliver further benefits to business because the time saved by reducing the administrative requirements will make it easier to meet contract deadlines and avoid triggering penalty clauses. One firm has estimated that they have saved £10 million from one package alone. UK industry could save at least £100m per year due to reduced delays for shipments and possibly up to £0.5 billion (depending on the potential overall reduction in delays).

EXEMPTING SMALL SHOPS FROM REQUIREMENTS TO DISPLAY PRICES PER WEIGHT UNITS

Directive 98/6/EEC on consumer protection in the indication of product prices is part of the wider review of the EU body of consumer law on which the Commission consulted until May 2007. Since 1999, the UK has made use of the option in the directive to exclude small shops from the full requirements. Analysis showed that it would be the smallest shops that would have borne 48 per cent of the total burden. This is why the UK decided to exempt small shops with an internal sales/display area not exceeding 280m², itinerant traders and vending machines from the requirement to display the unit price for pre-packaged products in costs and quantities. As a result 130,000 smaller shops are allowed simply to display the cost of, for instance, sugar in the quantity it is sold, rather than being obliged to display the price of sugar per 100g as well.

This approach has saved small businesses an estimated €7.7 million per year since 1999 and is overwhelmingly supported by key stakeholders.

CHAPTER 7

THE WIDER REGULATORY REFORM PROGRAMME

FIGURE 19: Main Regulatory Reform workstreams in 2008-09

		Working with departments and regulators to simplify and modernise existing regulations	Working with departments and regulators to improve the design of new regulations and how they are communicated	Working with regulators (including local authorities) and departments to change attitudes and approaches to regulation to become more risk-based
Systems reform	Domestic	Administrative Burdens reduction programme Legislative Reform Orders www.betterregulation.gov.uk website Programme for reducing data requests on front line public sector workers Independent review of Government guidance – The Anderson Review Regulatory Budgets Regulators access to Macrory powers	Continued embedding of the Impact Assessment process New Consultation Policy introduced Commitment to publish benefit cost ratio of new regulations from April 2008 Code of Practice for Government guidance Improved communications around new regulations introduced on Common Commencement Dates Small business regulation Regulatory budgets	Mergers of national regulators / inspectorates Reviews of Independent Regulators Regulators Compliance Code Statutory Duty on Regulators to Address Burdens Clarifying regulatory priorities for local authorities Working with LBRO to promote better regulation within local authority regulatory services Retail Enforcement Pilot
	EU	25% EU Admin burdens target	Ongoing work to improve the Impact Assessment process in the European Union	Building on relationship with other members states to promote overall improvements in European regulatory reform
Interventions around specific policy areas	Domestic	Consumer Law Review Improving outcomes from Health & Safety Review Support for Flanagan Review of Policing	Ongoing engagement and challenge between Better Regulation Executive staff and departments on the development of new domestic and EU policy	The Killian Pretty Review Joint work on carbon budgets with OCC Developing a risk-based inspection regime with Healthcare Commission
	EU	Will potentially follow from EU Admin burdens work	Cabinet Office Panel for Regulatory Accountability (PRA) clearance of new regulations	

CURRENT GOVERNMENT REVIEWS

We have been conducting reviews to explore possibilities for further simplifications. A health and safety review, 'Improving Outcomes from Health and Safety' was completed earlier in 2008. Here are some examples of the reviews Government have recently completed or are currently underway.

CONSUMER LAW REVIEW

This review is undertaking a comprehensive evaluation of consumer law. It aims to simplify and streamline consumer protection to reduce costs; provide a new focus on consumer rights, education and information; and deliver more effective and targeted enforcement.

THE KILLIAN PRETTY REVIEW

The Killian Pretty Review was an independent review of the planning application system in England, jointly commissioned in March 2008 by the Department for Communities and Local Government (CLG) and the Department for Business, Enterprise and Regulatory Reform (BERR). The review was published in November 2008 with proposals to create a faster and more responsive planning application system in England such as removing 40% of minor commercial planning applications from the system and improving the critically important pre-application process for major developments to sort out key issues early www.planningportal.gov.uk

THE ANDERSON REVIEW OF GUIDANCE

The Anderson Review of Guidance is an independent review focusing on how the government can give small and medium-sized enterprises (SMEs) a better understanding of how to comply with the law. It is looking at ways to provide better clarity, consistency and accessibility in guidance and how to give SMEs certainty that when they have followed guidance that they have complied with the law.

LEGISLATIVE REFORM ORDERS (LROs)

A Legislative Reform Order (LRO) is a statutory instrument made under the powers of the Legislative and Regulatory Reform Act 2006 (LRRRA) which can amend primary legislation. The LRRRA repealed the Regulatory Reform Act 2001 (RRA) and LROs have replaced Regulatory Reform Orders (RROs).

LROs form a key part of the better regulation agenda and provide a legislative mechanism for turning the aims of better regulation into reality for end-users. LROs are just one vehicle available to Government to implement simplification measures.

Four LROs have now been made and a further five will have been laid before Parliament before the end of 2008.

There are approximately 20 LROs to be laid before parliament in 2009 and we expect this number to increase in 2010.

FIGURE 20: Implemented Legislative Reform Orders

Department	Measure	Description
BERR	The Legislative Reform (Consumer Credit) Order 2008	This established a fairer, clearer and more competitive market for consumer credit, updating consumer credit legislation that had been in place since the 1970s, and making it more relevant to today's consumers
DCLG	The Legislative Reform (Local Authority Consent Requirements) (England and Wales) Order 2008	Amends the Cancer Act 1939, the Local Government Act 1972, the Local Government and Housing Act 1989, the Local Government (Overseas Assistance Act 1993) and the Education Act 1996 to remove requirements for local authorities to seek consent before taking certain action
HMT	The Legislative Reform (Lloyd's) Order 2008	To modernise the governance arrangements at Lloyd's, update and streamline Lloyd's governance procedures, and remove unnecessary restrictions on how Lloyd's organises its affairs. The aim of the Legislative Reform Order (LRO) was to complement the market reforms Lloyd's is already pursuing to modernise and update its market processes, and help Lloyd's to maintain its competitiveness
HSE	The Legislative Reform (Health and Safety Executive) Order 2008	Merger of the Health and Safety Executive and the Health and Safety Commission into one body

FIGURE 21: Legislative Reform Orders to be laid before Parliament before the end of 2008

Department	Measure	Description
DIUS	(Now laid) The Legislative Reform (Verification of Weighting and Measuring Equipment) Order 2008	Extension of scope that approved manufacturers, repairers and installers of weighing and measuring equipment can self verify their products following adjustments of equipment
BERR	The Legislative Reform (Insolvency) (Advertising Requirements) Order 2009	To provide a better targeted advertising regime to reduce the costs of administering voluntary liquidations, thereby increasing the monies available for return by way of dividend to creditors of companies in voluntary liquidation
DCMS	The Legislative Reform (Supervision of Alcohol Sales in Church and Village Halls + C.) Order 2009	Removes the requirement for a designated premises supervisor for village/community halls that wish to get a premises licence which covers regulated entertainment and the sale of alcohol
DCMS	The Legislative Reform (Minor Variations to Premises Licences and Club Premises Certificates) Order 2009	Enables easier minor variations to licenses
MoJ	The Legislative Reform (Revocation of Prescribed Form of Penalty Notice for Disorderly Behaviour) Order 2009	The Ministry of Justice want to remove the requirement for fixed penalty notices to be in a prescribed form

REGULATORY BUDGETS

In March 2008 the Government announced in the Enterprise Strategy that it would consult on the introduction of a system of regulatory budgets. This consultation was launched in August 2008 and proposes that a regulatory budget system begin with a pilot period of 'shadow running' in April 2009.

Regulatory budgets would provide an overall mechanism to manage regulatory costs. Implementing this forward-looking limit on the costs flowing from regulation will be a world first for the UK – no other country has yet taken this step. The Government is considering the next steps in light of the consultation and will announce how it intends to proceed shortly.

A number of businesses and trade associations shared the view expressed by the CBI, who themselves represent the views of some 240,000 businesses **“that such a system of regulatory budgets should allow the government to provide a joined-up approach to better manage the amount of old and new regulation...”**.

REVIEW OF ACHIEVEMENTS

The Better Regulation Executive has produced a review of all of the better regulation successes over the last 12 months, 'Making it Simple – Annual Review'. For example did you know:

... you can use online tools for tax returns – taking the pain out of tax calculation?

... online employment guidance is making life simpler for businesses?

... you no longer need time-consuming inspections for your building work from Local Authorities?

... a 2008 Government review has recommended a radical overhaul of planning permission process?

... in 2008 Government has considered a radical new plan to introduce a budget system that will control the cost of new regulation?

... working closely with EU partners, the UK persuaded Europe to adopt its own 25% target to reduce the burden of administration and a common commencement date for all new regulations?

... we put small businesses at the heart of Government's thinking about regulation?

... we help Government departments save you money by designing better regulation that enables businesses to succeed?

... you can get sample risk assessments to show you what a 'good enough' risk assessment looks like for your sector – saving business time and hassle?

... you can have your say on regulations that need to be simpler at www.betterregulation.gov.uk

Full details of these achievements can be found at www.berr.gov.uk/bre or request a copy by e-mailing info@betterregulation.gov.uk

ANNEX A

SIGNIFICANT BUSINESS AND THIRD SECTOR REDUCTIONS DELIVERED AND VALIDATED TO DATE

EXTERNAL VALIDATION TABLE OF MEASURES

This table illustrates administrative burden reductions which went to the External Validation Panel (EVP) for verification.

FIGURE 22: Administrative Burden Reductions reviewed by the EVP

Measure	Explanation	Estimated Gross Annual Saving
BERR Employment Guidance	The Employment Law Guidance Programme was established to reduce the administrative burdens imposed by employment law; to address perceptions of employment law; and, to drive wider business culture change around compliance. The Guidance Programme has produced and promoted free-to-use and legally-compliant online tools, proforma letters and agreement forms, accessible via the BusinessLink.gov website	£418m
CLG Repeal of part XI of Housing Act 1985	Reducing the amount of licences required by landlords for low risk multiple occupancy households	£207m
HSE Example Risk Assessments	Easy to follow examples of how to assess risks in the workplace for 18 types of businesses including convenience stores, estate agencies, dry cleaners and hairdressing salons. Lower risk businesses should spend significantly less time completing their assessments	£182m
DCMS Licensing Act	Simplifying multiple licensing regimes under one single act, removing need for regular reapplication for same licence	£181m
CLG Competent Persons Scheme	1.2 million pieces of electrical work a year are now certified by "competent persons", rather than having to go through building control inspection, saving around £110 per check	£136m
DIUS Weights and Measures	The replacement of the complex Weights and Measures (Packaged Goods) Regulations 1986 with simpler regulations – the law is now more flexible, easier to understand and removes some costly information requirements	£129m
DH BROMI phase 1	Pharmaceutical companies now use a self-certification scheme for minor changes to over the counter medicines saving them time and money whilst allowing the MHRA to concentrate on scrutinising complex changes	£104m

FIGURE 22 CONTINUES ON THE NEXT PAGE

FIGURE 22: Administrative Burden Reductions reviewed by the EVP, continued

Measure	Explanation	Estimated Gross Annual Saving
BERR Electronic communication with shareholders	1.2m companies can now send information to shareholders by email, rather than hard copy. Information that can be provided electronically includes a company's annual report	£76m
DCMS Gambling Act	Simplifying and updating multiple gambling regulations under one single act	£74m
BERR Capital Maintenance	Abolition of complex capital assistance rules involving the prohibition on private companies granting financial assistance for purchase of own shares	£68m
CLG Fire safety Regulatory Reform Order	Making it easier for businesses to understand and comply with fire safety through one simple risk-based fire safety regime, including removing the need to apply for and keep a copy of a fire certificate	£53m
BERR Removal of Annual General Meetings	Private companies are no longer required to hold Annual General Meetings. This also removes the requirement to notify members of an Annual General Meeting and to distribute the minutes	£45m
DWP Minimum Funding Requirement regulations (The Occupational Pension Schemes Regulations 1996)	These regulations provide more flexible scheme-specific funding arrangements whereby trustees are free to choose a funding strategy and make assumptions, albeit supported by an actuarial report	£40m
DfT Rail franchises	Revision of the passenger rail franchise map, reducing the number of separate franchises	£31m
Food Standards Agency Safer Food Better Business	Safer Food Better Business – A pack and a simple record keeping diary aimed at helping small food caterers and retailers comply with food safety management procedures. Packs have been developed for various cuisine types, with an interactive DVD in 16 different languages and also a diary for record-keeping. Training and coaching advice is also provided	£28m

FIGURE 22 CONTINUES ON THE NEXT PAGE

FIGURE 22: Administrative Burden Reductions reviewed by the EVP, continued

Measure	Explanation	Estimated Gross Annual Saving
HSE Control of Asbestos Regulations	Consolidation of 3 regulations makes it easier to understand what requirements apply to a business. Also removing the licensing requirement for those who work with textured decorative coatings	£28m
DWP Improve pension regulations to make payments by employers less prescriptive	Improve pension regulations to make payments by employers less prescriptive by easing the requirement to report late payment of pension contributions. Fewer reports are now necessary	£24m
DWP Minimum Funding Regulations (Sections 56-61 of the Pensions Act 1995)	These regulations provide more flexible scheme-specific funding arrangements whereby trustees are free to choose a funding strategy and make assumptions, albeit supported by an actuarial report	£24m
DWP Simplify member-nominated trustee/director requirement	Simplify member-nominated trustee director requirements – New regulations introduced by DWP in 2006 introduced flexibility, giving pension scheme operator's freedom, within a broad framework, to devise their own arrangements for nomination, selection and notification of member-nominated trustees and/or directors. They no longer have to go through a burdensome consultation exercise if they want to nominate a member-nominated trustee or director	£23m
HSE Drinking water labelling	Workplace (Health, Safety and Welfare) Regulations – Guidance on labelling drinking water to make it clear that business only need to label water when it is not safe to drink	£17m
HSE RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) – simplifying the reporting process through promotion of the Incident Contact Centre telephone and web service	£16m

ANNEX B

1. THE MEASUREMENT PROCESS: THE INTERNATIONAL STANDARD COST MODEL METHODOLOGY

The measurement of administrative burdens was a substantial and complex undertaking involving departments and regulators across government, co-ordinated by the Better Regulation Executive. The original measurement was carried out between May 2005 and May 2006 and the results form the administrative burdens baseline as of May 2005. It was against this baseline that each participating organisation agreed to a net administrative burden reduction target of 25%, to be achieved by 2010 (except for Cabinet Office, who chose a 35% target).

There were two key stages to reaching the original administrative burdens baseline:

- the initial measurement of administrative costs; and
- calculating from the initial measurement the administrative burden by applying a business as usual adjustment

STAGE 1 – MEASUREMENT

Administrative costs are the annual reoccurring costs of administrative activities that businesses and the third sector are required to perform, in order to comply with the obligations that are imposed through central government regulation. These include, for

example, form filling, keeping records or responding to information requests.

The measurement of administrative costs of regulation impacting business and the third sector was undertaken using the Standard Cost Model methodology, as recommended by the Better Regulation Task Force. The Standard Cost Model methodology does not set out to achieve a statistically robust estimate of administrative costs, as this requires a huge sample size, incurring disproportionate expense.

Instead, it provides a systematic approach to measurement that provides indicative data on the administrative costs of regulation. International experience has shown this approach to be valuable in understanding the regulatory landscape and

focus simplification activity. The Standard Cost Model methodology breaks down regulations into a range of manageable components. This enables the systematic measurement of the cost of regulation across government through extensive interviews and focus groups with individual businesses, charities and voluntary sector organisations.

These components are called obligations. An obligation is the specific requirement that must be undertaken in order to comply with a regulation.

All central government regulations were mapped. The responsible government department and the origin of the regulation were then identified, the required obligations defined, and the costs measured.

The Standard Cost Model calculates the administrative costs arising from a regulation by measuring four key factors:

- how long it takes to comply with the obligation (Time);
- the wage rate of the person who undertakes this (Wage Rate);
- how many organisations carry out the obligation (Population); and
- how frequently (each year) the obligation is carried out (Frequency)

Multiplying the Time and Wage Rate provides the Unit Cost of the obligation. Multiplying the Population and Frequency provides the Quantity. The Unit Cost and the Quantity are then multiplied to establish the administrative cost. This has been illustrated below:

FIGURE 23 : SCM formula

Unit Cost*	x	Quantity
(Time x Wage Rate)	x	(Population x Frequency)

*Including external costs

The Unit Costs also includes any overheads or external goods or services required in order to comply with the obligation within the regulation.

The cost, quantity, population and frequency elements of the calculation were estimated using input from businesses or business associations.

This was done through extensive face-to-face interviews, telephone interviews, expert panels, virtual panels and assessment with consistent validation through Monitoring Groups consisting of key stakeholders to advise and challenge the results. Government departments commissioned PricewaterhouseCoopers to carry out this measurement, which involved over 8,500 interviews and over 200 expert panels. All of the regulation that was in force as of May 2005 represented the original administrative burden baseline.

Departments have continued to measure the administrative burden of regulations introduced since May 2005 using the same approaches outlined above in order to report progress on their net reduction targets. This year's plans reflect the administrative burden of any regulations introduced between June 2005 and May 2008.

STAGE 2 – ADJUSTING FOR BUSINESS AS USUAL

Once the measurement exercise had established the administrative costs of regulation, the government applied a pragmatic and credible process to estimate the percentage of the total administrative costs that consist of activities that business would do anyway. This is termed the business as usual cost. Subtracting the business as usual cost from the total administrative cost estimate gives an estimate of the administrative burden.

The administrative burden is defined as the costs of administrative activities over and above what a business would choose to do in the absence of the regulation. The business as usual approach is about focusing government's reduction effort on the burdens that are of real concern to business. There is little benefit to business from simplifying activities that business has indicated they would choose to undertake even if the regulation did not exist.

The process to estimate suitable business as usual adjustments was carried out with the full support and assistance of the business community and the third sector. An independent Panel agreed the business as usual process and methodology and determined what activity business would do in the absence of regulation. Data from the measurement exercise was used as a basis to calculate indicative estimates for this activity for all information obligations. The Panel then considered and challenged data for the information obligations that made up 70% of the total administrative cost.

BUSINESS ENDORSEMENT OF THE BUSINESS AS USUAL PROCESS

The business as usual panel consisted of representatives from the: Better Regulation Commission, Confederation of British Industry, Forum of Private Business, Federation of Small Businesses, Institute of Directors, Small Business Council, British Property Federation, House Builders Federation, Royal Institute of Chartered Surveyors, Royal Town Planning Institute, Planning Officers' Society, Charity Finance Directors Group and the National Farmers Union.

“

The Government has taken the Dutch model, and made sensible adjustments for Business as Usual costs, to deliver a measure that works. ”

Rick Haythornthwaite
Chair of the Better Regulation Commission (2005-2007)

2. THE QUALITY ASSURANCE PROCESS

The quality assurance processes are designed to support Government in the delivery of the Administrative Burden Reductions Programme. This is achieved by taking a view on whether departments reported administrative burden savings have been subject to adequate external scrutiny.

Being submitted to external scrutiny also encourages departments to provide more evidence to demonstrate the effects of their reductions and to ensure that those affected by them will know what has changed. Since the launch of the programme, external challenge to Simplification Plans has come from several sources:

YEAR 1: THE BETTER REGULATION COMMISSION

In 2006 draft Simplification Plans were reviewed by the Better Regulation Commission to assess their credibility, ambition, quantification and deliverability.

The original intention was for the Better Regulation Commission to repeat this role in the run up to the publication of the 2007 Simplification Plans. However, following the Machinery of Government announcements at the end of June 2007, the Prime Minister asked the Better Regulation Commission to change its focus and consider how best to manage public risk. This resulted in the disbanding of the Better Regulation

Commission, with the Prime Minister establishing the Risk and Regulation Advisory Council, supported by BERR, focusing on public risk.

YEAR 1 AND 2: THE NATIONAL AUDIT OFFICE

The National Audit Office reviews and reports on Government's progress on the better regulation agenda and has focused attention, raised the priority and emphasised the value of the work of those responsible for better regulation.

They have conducted two reviews of the programme¹³ and whilst in both cases reported that Departments are making good progress, they noted that the real test of this work is that businesses and other organisations notice a difference. In their 2008 report they recommended:

"The Better Regulation Executive and Departments should... validate all high value claims; validation should involve representatives from business or business organisations to test bigger claims."

Government is fully committed to the successful delivery of administrative burden reductions and to ensure that they deliver meaningful improvement for businesses.

To ensure this is the case, the Better Regulation Executive established an External Validation Panel, which plays a challenge and quality assurance role, testing the assumptions and processes underpinning the reporting and verification of the top simplification measures delivered each year.

¹³ 2008 Report: <http://www.nao.org.uk/>

YEAR 3: THE EXTERNAL VALIDATION PANEL

The role of the External Validation Panel is to test the assumptions which will underpin the reporting of delivered administrative burden reductions to be published in departments' 2008 Simplification Plans by testing these assumptions against delivery plans, and the measurement and reporting framework set out at the beginning of the Administrative Burdens Reductions Programme.

The panel has been made up of a selection of the key business organisations, with representatives from the British Chambers of Commerce, the Confederation of British Industry, the Federation of Small Businesses, the Institute of Directors, and the Trades Union Congress. They have reviewed (or challenged) the top simplification measures Government departments have implemented from May 2005 until May 2008 to ensure that they have delivered and communicated on real and meaningful benefits to private and third sector organisations.

The panel has been made up of a selection of the key business organisations, with representatives from the British Chambers of Commerce, the Confederation of British Industry, the Federation of Small Business, the Institute of Directors, and the Trades Union Congress.

ANNEX C

TECHNICAL ADJUSTMENTS TO REFLECT MACHINERY OF GOVERNMENT CHANGES

The baseline for the measurement exercise was the position as of May 2005. As a result, the first stages of the measurement reflected the configuration of government departments at that point. However, there have been a number of changes since then. These are called Machinery of Government changes. The figures have been adjusted to reflect this, with individual regulations transferring between departments.

TECHNICAL ADJUSTMENTS

After the measurement and business as usual stages were completed, departments analysed their data and a small number of anomalies were found and corrected in agreement with the Better Regulation Executive. Examples of anomalies include:

- population over or under estimates;
- areas of administrative burden which were captured or not captured in error; and
- areas where external cost estimates were too high.

The Departments that have made machinery of government or technical adjustments are outlined right.

FIGURE 24: Technical and Machinery of Government changes

Department	Baseline at December 2007	Machinery of Government changes	Technical Adjustments	Baseline at December 2008
BERR¹⁴	£4,188m		£-120m (1)	£4,068m
DEFRA¹⁴	£528m		£-68m (2)	£460m
DfT	£578m		£-7M (3)	£585m
Food Standards Agency	£91m		£-0.5M (4)	£90.5m
Home Office	£84m		£-1m (5)	£83m
HSE	£2,032m		£-9.5m (6)	£2,022.5m
ONS	£39.7m	£9m (7)		£48.7m
Charity Commission	£49.1m		£-12.5m (8)	£36.6m

¹⁴ These figures include administrative burdens that will be transferred to the Department of Energy and Climate Change

MACHINERY OF GOVERNMENT AND TECHNICAL ADJUSTMENTS

- 1** BERR made a baseline adjustment removing £120m relating to Consumer Credit and End of life vehicles regulations.
- 2** DEFRA made a baseline adjustment removing £68m relating to TSE, Pollution Prevention Control regulations and Land fill gas engines.
- 3** DfT made baseline adjustments removing £11.3m relating to HGV/PSV Operator Discs and £6.5m for Road Transport Working Time Regulations and adding £25m for ATOL Bonding.
- 4** Food Standards Agency made an adjustment to its baseline removing £0.5m relating to the requirement to notifying the Agency when dietary foods used for medical purposes are placed on the market.
- 5** Home Office made baseline adjustment correcting inaccuracies with the Private Security Industry Act.
- 6** HSE made baseline adjustments removing £13.1m relating to Approved Code of Practice in Confined spaces and adding £5.2m for adventure licensing.
- 7** Machinery of Government change resulting in £9m transferring from BERR to ONS, which had not previously been captured in the baseline.
- 8** The Charity Commission's baseline has been reduced from £49.1m in 2007 to £36.6m in 2008. This was due to a recalculation of the administrative costs associated with the preparation of an annual return (reduced by £11.5m) and the adjustment to the costs of the Trustees Annual Report to better reflect the Commission's working assumption of the Impact of Voluntary registration on regulatory costs (reduced by £1.04m)

