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Independent Regulatory Policy Committee remit strengthened for external scrutiny
role of new regulatory proposals

First RPC report "Reviewing Regulation" shows 20% of regulatory proposal
analysis falls short

The independent Regulatory Policy Committee has been asked to take an enhanced role in the new Government's plans to introduce a new approach to regulation. Business Secretary Vince Cable yesterday announced that the RPC will now provide independent scrutiny before new regulatory proposals are approved by government, including those intended for consultation. This means that Ministers will receive an independent view on whether or not there is sufficient evidence and analysis to support a new regulation before they decide whether to move ahead with it or not.

Chair of the RPC, Michael Gibbons said: "The damage and associated costs of badly thought through regulation are enormous. Poor understanding and assessment of the impact of a proposed regulation can result in unintended consequences, costs that out-weigh the benefits and a failure to deliver the proposed policy objective. Our work has already had an impact but I am delighted we will now be able to add real teeth to this important scrutiny function. We will be able to challenge poorly-evidenced regulatory proposals much earlier. For the first time there is a quality control system which will encourage robust, evidence based proposals and identify those that fail to make a case for intervention, which could be 20% or more based on our previous work."

The RPC today publishes its first report "Reviewing Regulation", which summarises the results of its independent, real-time scrutiny of new regulatory proposals out to consultation between December 2009 and May 2010, with 107 subjected to detailed review of the quality of evidence and analysis. It has published 22 opinions where it found major issues.

These first findings show that a good proportion of regulatory proposals are well supported by detailed analysis and evidence. However a number of them lack analytical rigour, are poorly presented and appear to be produced as a result of being required to do so, rather than as a means of open and thorough investigation and inquiry.

Commenting on the report Mr Gibbons continued: "The RPC's first six months of operation demonstrate the value of independent challenge - to business, consumers, employees and the general public alike. No-one benefits from poor regulation, particularly in tough economic times, and the RPC's independent scrutiny of regulatory proposals so far have found that over one in five failed to make the case for intervention. We make six simple recommendations which should help officials make a stronger case. For example, policy-makers should not presume that regulation is the answer to the problem they are trying to solve and, where regulation is necessary and where all other options have been considered, they must produce reliable estimates of costs and benefits. It is

not enough to produce apparently thought-free tick box exercises to obtain the necessary approval; policy proposals must be presented with a case that demonstrates how the regulations will achieve what they're supposed to and fully identify and justify any burdens on the economy and society."

'Reviewing Regulation' makes six recommendations to contribute to improving the decision-making process with respect to regulation in the UK:

- Don't presume that regulation is the answer
- Consider all the options - and provide robust analysis of all alternatives, including the 'do nothing' option
- Provide substantive evidence - and make sure it is properly referenced and sourced
- Produce reliable estimates of costs and benefits - assess all risks, costs, uncertainties and benefits appropriately
- Assess non-monetary impacts thoroughly
- Explain and present results of analysis clearly

Further details on the recommendations are contained in the report.

The issues examined range from the inclusion of aviation in the EU Emissions Trading System to proposed changes to street trading and pedlary. They cover regulations affecting the public sector, the third sector, consumers, and businesses, with annual costs ranging from under a million per year to hundreds of millions.

For each proposal, the RPC has examined the case for government intervention, including whether both the costs and benefits have been properly assessed and whether other non-regulatory options were analysed and considered. Where the RPC had concerns over the robustness of the evidence and analysis presented it commented publicly. It does not however comment on the overall policy objective which is a matter for Ministers.

- ENDS -

For further information or interview request please contact Sue Youngman, Compass Rose & Co on 07768 283 162

NOTES TO EDITORS

1. The Regulatory Policy Committee (RPC) was set up at the end of 2009 by the previous government to provide external scrutiny of the policy-making process by commenting on the quality of analysis supporting new regulations. It is the first time in the UK that an independent body has provided real-time scrutiny of proposed new regulations.
2. The Government has announced (5.8.10) that it has asked the independent Regulatory Policy Committee (RPC) to perform the role of externally scrutinising the evidence and analysis supporting new regulatory proposals, prior to policy decisions being made. It will also analyse proposals for the implementation of EU legislation. In doing so, the RPC will help drive up the accuracy and quality of Impact Assessments.
3. The RPC's first report, 'Reviewing Regulation, An independent report on the analysis supporting regulatory proposals, December 2009 - May 2010', is

available at <http://regulatorypolicycommittee.independent.gov.uk/rpc/>

4. The RPC considers all regulatory proposals apart from budget, taxation and financial services measures.

5. The RPC's first opinions are published on the RPC's website <http://regulatorypolicycommittee.independent.gov.uk/rpc/category/publications>

6. The RPC comprises a secretariat of economists and analysts and an independent advisory committee chaired by Michael Gibbons OBE and made up of:

- Dr David Parker - Professor Emeritus of Economics, Cranfield University;
- Dr Ian Peters - Chief Executive of the Institute of Internal Auditors;
- Philip Cullum - Deputy Chief Executive of Consumer Focus;
- Mark Boleat - Consultant on regulation and public policy;
- Sarah Veale - Head of the Equality and Employment Rights Department at the TUC

7. The RPC provides trade associations and relevant NGOs with a monthly update on all regulatory proposals, and liaises with them in analysing which impact assessments raise issues and merit further investigation.