

# Business Perceptions Survey 2014

NAO / BIS  
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# Executive Summary

## Background

The National Audit Office (NAO), the Better Regulation Executive (BRE) and the Better Regulation Delivery Office (BRDO), both from the Department for Business, Innovation and Skills (BIS) and Department for Environment, Food and Rural Affairs (Defra) have commissioned a survey to determine businesses' views on the extent of the burden of regulation, both in general and in specific regulatory areas.

The survey, conducted by Jigsaw Research in February and March 2014, comprised 2,500 20-minute telephone interviews with senior business decision-makers. The survey is the latest in a series conducted since 2007 (and again in 2008, 2009, 2010 and 2012). Where applicable the 2014 findings have been compared back to earlier surveys. The survey comprised separate elements for national and locally enforced regulations but was administered using a single questionnaire.

The survey covered five areas of national regulation: Company Law; Employment Law; Health & Safety Law; Planning Law and Environmental Law. The survey also covered five areas of regulation which are locally enforced: Food Safety; Fire Safety; Health & Safety; Consumer Protection; and Licensing. Businesses were asked to answer most questions in relation to a specific area of regulation of which they had knowledge.

## Key Findings

### Headline Messages

#### Business Performance and Key Challenges

- Businesses are generally optimistic about the next 12 months. Two thirds expect to grow and, compared with the previous 12 months, more businesses expect to increase staff headcount, work in new markets, offer new products and services or increase capital investment.
- Compliance with regulation is the biggest challenge for 11% of businesses. Challenges that are more widely mentioned by businesses are attracting and retaining customers (45%), level of tax (17%) and access to Finance (12%).

#### Overall Attitudes towards Regulation

- Although the same proportion in 2014 as in 2012 identify compliance with regulation as the key challenge, overall perceptions of the regulatory burden in 2014 are improved on previous years. 51% agree that the level of regulation in the UK is an obstacle to business success.
- There have been improvements in perceptions of regulatory 'helpfulness' since 2012 including helping ensure a level playing field, that regulatory management systems are in place and ensuring businesses are not non-compliant.
- Regulators and Local Councils' officers are seen as courteous and professional but not always knowledgeable about business situations.
- Compliance is a bigger relative challenge to businesses in the Finance and Agriculture sectors than it is for other business sectors. In addition, the smaller the company, the less positive an attitude they generally have towards regulation.
- An increasing proportion (43% up from 38% in 2012) expects the regulatory burden to increase in the next 12 months). However, this is still significantly lower than those thinking the same between 2007 and 2010 (46% in 2010 and 76% in 2007).

#### Effort of Dealing with Regulation

- On average, businesses spend 5.7 staff days per month dealing with the one specific law type they were asked questions about.

- There continues to be an improved trend for perceptions of time spent on compliance although over half still think the time spent is a burden. 55% think the length of time spent on that one specific law type is a burden, down from 65% in 2012 and down from 78% in 2007.
- Not surprisingly, larger businesses spend more staff days per month dealing with regulation. They are also more likely to find it burdensome and involve greater effort.
- Food safety, licensing and health & safety law take up more staff time than other law types but time does not necessarily correlate to the perceived burden of a regulation.
- There are fewer businesses in 2014 compared with previous years perceiving a variety of regulatory activities as a burden. Activities linked to finding information and supplying information are less likely to be seen as burdensome as compared with 2012.

### External Support

- 91% of businesses use some form of external support when complying with the one specific law type that they were asked questions about. This support includes using websites (54%), seeking help from advisors/agents (51%), trade associations/business organisations (46%), friends/peers (43%) and inspectors (38%).
- Medium and large sized companies (50+ employees) are more likely to seek external support from websites and advisors. Micro and small companies (less than 50 employees) are more likely to seek external support from friends and peers.
- On average, businesses (who use external advisors/agents) spend £3,870 per year on external advice when complying with the one specific law type they were asked questions about. This increases to over £6,000 for those answering about company law and planning law.

### Attitudes towards Government

- In 2014 there has been an improvement in attitudes towards the government's approach to regulation. This includes aspects relating to clarity, ease, fairness and communication / consultation.
- However, issues relating to clarity, fairness and ease are perceived more favourably than those relating to communication and consultation.
- Of those operating in more than one nation, a third think that understanding differences in regulation between UK nations is a burden.

The findings from the 2014 survey indicate that, compared with 2012, perceptions of business regulation are improving. This is possibly aided by an increased optimism about business generally which may in turn mean that businesses look more favourably upon all aspects of business and see fewer factors (including regulation) hindering business success. Although perceptions are improving, it is important to bear in mind that there is still room for continued improvement on a number of aspects given many business still find regulation a burden. The removal of unnecessary burden on business is important for UK businesses to achieve sustainable growth.

Just over a half of businesses in the UK (51%) agree that the level of regulation in the UK is an obstacle to business success. 11% see complying with regulation as their key challenge at the moment. Perceptions are worse among businesses in the Finance and Agriculture sectors and micro and small companies (1-49 employees). Perceptions are better among businesses in the property, management and business service sector and the public administration / other sector.

However, there is a continuing trend of improvement on this aspect. More businesses thought regulation was an obstacle in 2012 (55%) and around 60% between 2007 and 2010 thought regulation was an obstacle to business success.

Alongside this is an improved perception of specific aspects of regulation including regulation being "helpful" (ensuring a level playing field, ensuring regulatory management systems are in place and ensuring compliance). All these measures have seen an improvement since 2012. In addition, those that have recently been visited or inspected by a regulator generally feel that the officers who came to their business were courteous and professional although not always knowledgeable about business situations.

There are fewer businesses in 2014 compared with previous years perceiving a variety of regulatory activities as a burden. Activities linked to finding information and keeping up to date and supplying information are less likely to be seen as burdensome than in 2012 and in previous waves (2007-2010).

Conversely, an increasing proportion (43% in 2014, and 38% in 2012) expects the regulatory burden to increase in the next 12 months. However, this is still significantly lower than those thinking the same between 2007 and 2010 (46% in 2010, 53% in 2009, 72% in 2008 and 76% in 2007). It is possible that this increase is, at least in part, due to an increased expectation of growth (compared with this time two years ago). If companies are expecting to grow and increase their staff numbers and/or their range of products and services then they might also expect the regulatory burden to increase as a result. This is borne out by the results which shows those aiming to grow are more likely to expect the regulatory burden to increase when compared to those who do not expect growth.

When focussing on specific law types, businesses claim to spend just under six staff days per month dealing with the one specific law type that they were asked questions about. Just over a half of businesses think that the length of time spent on that one specific law type is a burden. Not surprisingly, larger businesses spend more staff days per month dealing with regulation. They are also more likely to find it burdensome and to think that it involves greater effort.

Food safety, licensing and health & safety law take up more staff time than other law types. In particular food safety law accounts for an average of over fourteen staff days per month and yet only 41% consider the length of time spent is a burden (compared with an average of 55% across all the law types). Conversely, planning law accounts for only an average of two staff days per month, but 66% of businesses consider the length of time spent is a burden. This contradiction may be due to a number of factors including perceptions of the value of regulation for that specific law type (i.e. hotels / caterers may view food safety of paramount importance to business success; more so than planning law), what they are including when thinking about compliance (those in food safety may be including the actual practise of food safety e.g. using different coloured chopping boards, washing hands etc.) and how regularly the activity takes place (food safety may be a few hours of routine activity every day whereas company law may be an intense period every few months and therefore feel more burdensome). Company law is also seen as more in need of specialist help with more seeking external advisors to help them on this law type and spending more on this type of advice than other law types.

Most businesses (91%) use some form of external support when complying with regulation. This support includes using websites, seeking help from advisors/agents, trade associations/business organisations, friends/peers and inspectors. Medium and large sized companies (50+ employees) are more likely to seek support from websites and advisors. Micro and small companies (less than 50 employees) are more likely to seek external support from friends and peers.

# 1. Introduction

## 1.1. Background

The National Audit Office (NAO) carried out a business perceptions survey of regulation in 2007, 2008 and 2009, which informed their value-for-money reports. The LBRO (now BRDO) carried out its own Business Perceptions Survey in 2008. In 2010 they worked together to produce a joint survey. In 2012 BRE also joined the survey. For this 2014 survey, the NAO, BRE and BRDO have jointly carried out the survey.

Additionally in 2014, the Department for Environment, Food and Rural Affairs (Defra) have contributed to the project so that business perceptions of environmental law can be asked about for the first time, and the Welsh Government have contributed to sample additional businesses based in Wales.

The surveys seek to identify business perceptions of regulation and the administrative burdens imposed on them; the type of measures that would result in beneficial change; and their awareness of, and confidence in, government's ability to deliver reductions. The surveys intended to track if, and how, businesses' experience of regulation changes as a result of government initiatives.

The NAO is the independent, statutory auditor of central government reporting to Parliament. BRE is responsible for overseeing the Government's strategy on better regulation. This includes the Government's regulatory framework, which has been designed to reduce the impact of regulation on business and encourage economic growth. The BRDO (formerly LBRO) works to progress the better regulation agenda with local authorities and national regulators, to expand the Primary Authority scheme and to drive a more streamlined regulatory system through working with local authorities and national regulators.

## 1.2. Objectives

The objective of the business perceptions survey is to determine businesses' views on the extent of the burden of regulation, both in general and in specific regulatory areas, and how the burden has changed.

More specifically, the survey is intended to determine businesses' views in the following areas:

- Examine whether and how businesses' perception of regulation is changing by drawing statistically valid comparisons with previous years' data, and also from questioning around whether the changed approach to regulatory reform has had an impact.
- Explore whether the impact of regulation and regulatory delivery affects the growth of business, and also whether businesses' perception of regulation affects their growth aspirations.
- Determine how well businesses understand regulatory objectives and their motivations for compliance.
- Explore key factors that would indicate that businesses perceive themselves as stakeholders for regulators, such as their involvement in decision making, confidence in regulators and the complaints process.

## 1.3. Methodology

In order to address the research objectives a total of 2,500 interviews were conducted over the telephone using Computer Assisted Telephone Interviewing (CATI). Interviews were conducted with senior business decision-makers (the person with responsibility for Legal and Compliance issues). The interviews lasted on average 19 ½ minutes. The interviews were conducted between 10<sup>th</sup> February and 18<sup>th</sup> March 2014.

The survey was comprised of two main elements and an element focussing on Wales:

- A survey for NAO and BRE of 1,000 businesses across the UK which was weighted to be representative of all UK businesses with at least one employee looking at nationally enforced areas of regulation. A further 250 boost interviews were conducted with businesses about Environmental Law so that we could analyse results among businesses specifically referencing that law type.

- A survey for BRDO and BRE of 1,000 businesses in England and Wales which was weighted to be representative of all businesses in England and Wales with at least one employee looking at locally enforced areas of regulation.
- A further 250 boost interviews were conducted with businesses based in Wales so that we could analyse results from businesses based in Wales separately.

A single questionnaire was developed in collaboration with NAO/ BRDO/ BRE /Defra and used for all three elements with respondents routed so that only the relevant questions for each were asked. Before the main survey was launched, the questionnaire went through two development stages:

- A cognitive pilot exercise. Jigsaw Research tested the questionnaire via face-to-face interviews to ensure the questionnaire was understood and that no key questions were missing.
- A soft launch phase. After conducting the first 50 interviews by phone, the survey was paused for a few days so that the data from these initial interviews could be analysed. The answers to those 50 interviews were analysed to ensure there were not a large number of 'don't know' or 'other' answers.

Some minor changes were made to the main questionnaire as a result of this stage.

Sample was drawn from the Dun & Bradstreet commercial business database and each sample record was randomly allocated to either a national survey or a local survey with one exception where hotel / catering sector were prioritised with food safety law to ensure we achieved a robust sample of food safety law interviews. Each sample record was also allocated a first choice and a second choice area of law. If a respondent was unable to answer questions about the first allocated law they were then offered the chance to answer questions about the second allocated law. If they were unable to answer questions about the second allocated law they were offered a choice from all the remaining laws.

The areas of law allocated were different for the group of nationally enforced laws) and the group of locally enforced regulations.

The national survey covered the following areas of regulation:

- Company Law
- Employment Law
- \* Health & Safety Law (via the Health and Safety Executive)
- Planning Law
- Environmental Law

The local survey covered the following areas of regulation:

- Consumer Protection
- Fire Safety
- Food Safety
- \* Health & Safety (local council enforced)
- Licensing

*\* As in previous waves, respondents were asked whether they were inspected by the Health & Safety Executive (HSE) or their local council. If HSE, they were not interviewed for Health & Safety in the locally enforced survey.*

As with previous waves of the survey, businesses were asked to answer most questions in relation to a specific area of law. This process was managed as follows. At the beginning of the interview respondents were offered the 'first choice' area of law that had been allocated to their business and were asked whether they had sufficient knowledge to answer questions about this area of law. If they felt they did not know enough about this area they were offered the 'second choice' area of law that had been allocated. Once again a check was made to assess whether they knew enough about this second area and if not they were asked to select one of the remaining areas of law about which they had the most knowledge. This area of law was then used throughout

the interview. This exercise was randomised as much as possible but in some cases it made sense to weight laws to specific industry sectors e.g. food safety for hotels and catering.

One change from previous waves was the inclusion of companies with no employees. These were included as they represent a significant proportion of the business population and it was felt that it would be useful to have a better understanding of their perceptions of regulation. It was decided to analyse this group separately and not include them in the total employer sample for two key reasons:

- They were not included in previous waves and so it would only be possible to compare the total sample against previous waves by excluding them from the total sample base.
- This type of company has a very high penetration in the UK and therefore the results would be heavily weighted towards this company type with the result that the total company scores would be very similar to the scores among this group.

Throughout this report where questions were asked of both the national and local surveys the data have been combined and results are presented on the basis of all 2,203 businesses with at least one employee, making it possible to perform more statistically robust analysis on the sub-groups of interest. The combined data has been weighted to match the UK profile of businesses of employers with at least one employee,

Further details of the sampling and weighting strategies used can be found in the annexes to this report.

The questionnaire used for the 2014 survey can also be found in an annex to this report.

### **Notes on this report**

Where meaningful differences between sub-groups emerge, they are highlighted in the commentary.

Throughout this report, all differences indicated are significant at the 95% confidence level unless otherwise stated. This applies to differences by sub-group (law type, sector, company size etc.) within the 2014 data i.e. if a specific sub-group is significantly higher or lower than the total sample and to comparisons between the 2014 data and data from earlier waves of the survey.

Where sub-group figures for 2014 are significantly different from the total sample figure, these are marked in bold in the tables. Those coloured blue and with the following symbol: **◆** are significantly higher than the total sample figure. Those coloured orange and with the following symbol: **★** are significantly lower than the total sample figure.

Where sub-group changes between 2012 and 2014 are significantly different from the total sample change, these are marked in bold in the tables. Those with the following symbol: **↑**, indicate that the sub-group change was significantly higher than the total sample change. Those with the following symbol: **↓** indicate that the sub-group change was significantly lower than the total sample change.

Data in some tables and charts may not add to 100% due to rounding. Also where data elements have been combined, for example adding “very” and “fairly” satisfied together to generate a net “satisfied” figure, the individual elements may not sum to the combined figure due to rounding.



## 2. Sample Profile

Quotas were set by area of law, industry sector and size of business to ensure sufficiently robust sample sizes for sub-group analysis and comparison.

**Table 1: Number of interviews conducted**

|                 |   | Total Sample | National | Local |
|-----------------|---|--------------|----------|-------|
| INDUSTRY SECTOR | Agriculture                             | 240          | 122      | 118   |
|                 | Construction                            | 188          | 111      | 77    |
|                 | Finance                                 | 210          | 106      | 104   |
|                 | Hotel/ Catering                         | 347          | 124      | 223   |
|                 | Manufacturing                           | 222          | 132      | 90    |
|                 | Property/ Management/ Business Services | 333          | 188      | 145   |
|                 | Public administrator/ Other             | 277          | 147      | 130   |
|                 | Retail/ Distribution                    | 437          | 204      | 233   |
|                 | Transport                               | 246          | 116      | 130   |
| LAW TYPE        | Company                                 | 271          | 271      | 0     |
|                 | Employment                              | 274          | 274      | 0     |
|                 | Health and Safety (HSE)                 | 305          | 305      | 0     |
|                 | Planning                                | 150          | 150      | 0     |
|                 | Environmental                           | 250          | 250      | 0     |
|                 | Food Safety                             | 258          | 0        | 258   |
|                 | Consumer Protection                     | 230          | 0        | 230   |
|                 | Fire Safety                             | 279          | 0        | 279   |
|                 | Health and Safety (Local Council)       | 279          | 0        | 279   |
|                 | Licensing                               | 204          | 0        | 204   |
| BUSINESS SIZE   | 0 employee businesses                   | 297          | 160      | 137   |
|                 | Micro (1-4 employees)                   | 538          | 258      | 280   |
|                 | Micro (5-9 employees)                   | 417          | 209      | 208   |
|                 | Small (10-49 employees)                 | 712          | 342      | 370   |
|                 | Medium (50-249 employees)               | 262          | 139      | 123   |
|                 | Large (250+ employees)                  | 274          | 142      | 132   |

## 3. Business Performance and Key Challenges

### Key Findings

- Businesses are generally optimistic about the next 12 months. Two thirds expect to grow and, compared with the previous 12 months, more businesses expect to increase staff headcount, work in new markets, offer new products and services and increase capital investment.
- Compliance with regulation is the biggest challenge for 11% of businesses. Challenges that are more widely mentioned by businesses are attracting and retaining customers (45%), level of tax (17%) and access to Finance (12%).

### 3.1. Business Performance

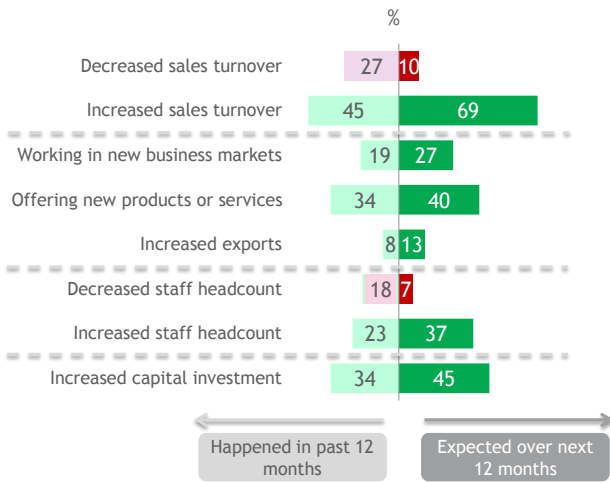
Businesses were asked to consider a number of statements about their business performance and behaviour over the last year, and their expectations for the next year.

Figure 1 shows that in the last 12 months more companies experienced an increased sales turnover than a decreased turnover although there is evidence that many businesses were still experiencing difficulties as a result of the economic downturn. Over a quarter experienced a decrease in turnover (27%) and 18% decreased their staff headcount. However, almost a half saw their turnover increase (45%) and 23% increased their staff headcount. There is also evidence that many sought to expand via increased capital investment (34%), offering new products or services (34%), working in new business markets (19%) and via increased exports (8%).

Businesses appear to be more optimistic about the next 12 months. Figure 1 shows that businesses are largely optimistic with 69% expecting sales turnover to increase in the next 12 months and approximately two-fifths expecting to increase capital investment (45%) or start offering new products or services (40%). More than a third of businesses expect staff headcount to increase over the next 12 months (37%) while a quarter of businesses expect to be working in new business markets within the next 12 months (27%).

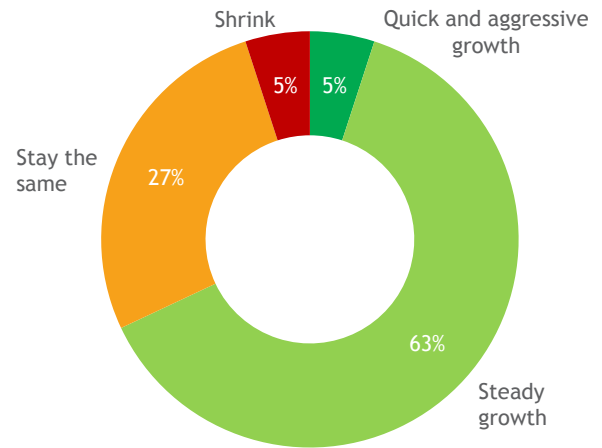
Figure 2 supports this sense of optimism, showing that when asked to consider their company's aims for growth over the coming year, two-thirds (68%) are expecting their company to grow: 5% quickly and aggressively, the majority (63%) at a steady pace. Only 5% expect their company to shrink while around a quarter (27%) believe they will stay the same i.e. neither grow nor shrink.

**Figure 1: Business Performance / Behaviour last year vs. next year**



Source: A4 For each statement compared with this time last year, whether it applies to your business? A5 And which do you expect will apply to your business in 12 months' time? Base: Total Sample 1+ employees n=2203

**Figure 2: Company's aims for growth next 12 months**



Source: A6 Which of the following best describes your company's aims for growth over the next 12 months? Base: Total Sample 1+ employees n=2203

Table 2 shows that it is mainly companies with 5 or more employees that have experienced growth in the last year. Companies of that size are also more likely to have increased their staff headcount. In addition, companies with 10 or more employees are more likely to have increased exports, started offering new products and services, started working in new markets and increased capital investment.

It is also apparent that 0 employee businesses and those micro businesses with 1-4 employees have seen less growth in the last year.

**Table 2: \* Business Performance / Behaviour LAST YEAR (number of employees)**

|  | COMPANY SIZE |                     |                     |                          |                            |                         |             |
|--|--------------|---------------------|---------------------|--------------------------|----------------------------|-------------------------|-------------|
|  | TOTAL        | Micro<br>(1-4 emp.) | Micro<br>(5-9 emp.) | Small<br>(10-49<br>emp.) | Medium<br>(50-249<br>emp.) | Large<br>(250+<br>emp.) | 0 emp.      |
| Base   | 2203         | 538                 | 417                 | 712                      | 262                        | 274                     | 297         |
| Increased staff headcount                          | 23%          | <b>12%★</b>         | <b>34%◆</b>         | <b>47%◆</b>              | <b>61%◆</b>                | <b>51%◆</b>             | <b>2%★</b>  |
| Reduced staff headcount                            | 18%          | 18%                 | 17%                 | 17%                      | 15%                        | <b>27%◆</b>             | <b>13%★</b> |
| Increased the amount you export to other countries | 8%           | <b>6%★</b>          | 9%                  | <b>12%◆</b>              | <b>18%◆</b>                | <b>22%◆</b>             | <b>1%★</b>  |
| Started offering new products or services          | 34%          | <b>32%★</b>         | 32%                 | <b>41%◆</b>              | <b>45%◆</b>                | <b>54%◆</b>             | <b>14%★</b> |
| Started working in new business markets            | 19%          | <b>17%★</b>         | 19%                 | <b>24%◆</b>              | <b>38%◆</b>                | <b>36%◆</b>             | <b>11%★</b> |
| Increased your capital investment                  | 34%          | <b>30%★</b>         | 36%                 | <b>43%◆</b>              | <b>59%◆</b>                | <b>50%◆</b>             | <b>19%★</b> |
| Sales turnover has increased                       | 45%          | <b>40%★</b>         | <b>52%◆</b>         | <b>53%◆</b>              | <b>59%◆</b>                | <b>53%◆</b>             | <b>28%★</b> |
| Sales turnover has decreased                       | 27%          | <b>29%◆</b>         | 25%                 | <b>21%★</b>              | <b>17%★</b>                | <b>12%★</b>             | <b>37%◆</b> |

Source: A4 For each statement compared with this time last year, whether it applies to your business? Base: Total Sample: 1+ employees n=2203

\* Sub-group figures in bold are significantly different from the total sample figure.

Those coloured blue and with the following symbol: ◆ are significantly higher than the total sample figure.

Those coloured orange and with the following symbol: ★ are significantly lower than the total sample figure.

Table 3 below shows that it is also companies with 5 or more employees that are anticipating an increase in turnover in the coming year. Companies of that size are also more likely to predict an increase in their staff headcount. In addition, companies with 10 or more employees are more likely to expect an increase in exports, to start offering new products and services and to increase capital investment.

Again, it is 0 employee businesses and those businesses with 1-4 employees that are less likely to expect growth in the coming year.

**Table 3: Expected Business Performance / Behaviour NEXT YEAR (number of employees)**

|   | COMPANY SIZE |                     |                     |                          |                            |                         | 0 emp. |
|---|--------------|---------------------|---------------------|--------------------------|----------------------------|-------------------------|--------|
|   | TOTAL        | Micro<br>(1-4 emp.) | Micro<br>(5-9 emp.) | Small<br>(10-49<br>emp.) | Medium<br>(50-249<br>emp.) | Large<br>(250+<br>emp.) |        |
| Base  | 2203         | 538                 | 417                 | 712                      | 262                        | 274                     | 297    |
| Will have increased staff headcount                 | 37%          | 30%★                | 40%                 | 53%◆                     | 61%◆                       | 57%◆                    | 10%★   |
| Will have decreased staff headcount                 | 7%           | 7%                  | 5%★                 | 8%                       | 9%                         | 14%◆                    | 4%★    |
| Will have increased your exports                    | 13%          | 12%★                | 14%                 | 17%◆                     | 24%◆                       | 26%◆                    | 5%★    |
| Will have started offering new products or services | 40%          | 38%★                | 44%                 | 42%                      | 52%◆                       | 60%◆                    | 23%★   |
| Will start working in new business markets          | 27%          | 26%                 | 26%                 | 31%                      | 40%◆                       | 43%◆                    | 19%★   |
| Will have increased capital investment              | 45%          | 43%                 | 42%                 | 51%◆                     | 62%◆                       | 60%◆                    | 28%★   |
| Sales turnover will have increased                  | 69%          | 65%★                | 73%◆                | 75%◆                     | 77%◆                       | 73%                     | 55%★   |
| Sales turnover will have decreased                  | 10%          | 11%◆                | 7%★                 | 7%★                      | 7%★                        | 4%★                     | 13%◆   |

Source: A5 And which do you expect will apply to your business in 12 months' time? Base: Total Sample 1+ employees n=2203

### 3.2. Business challenges

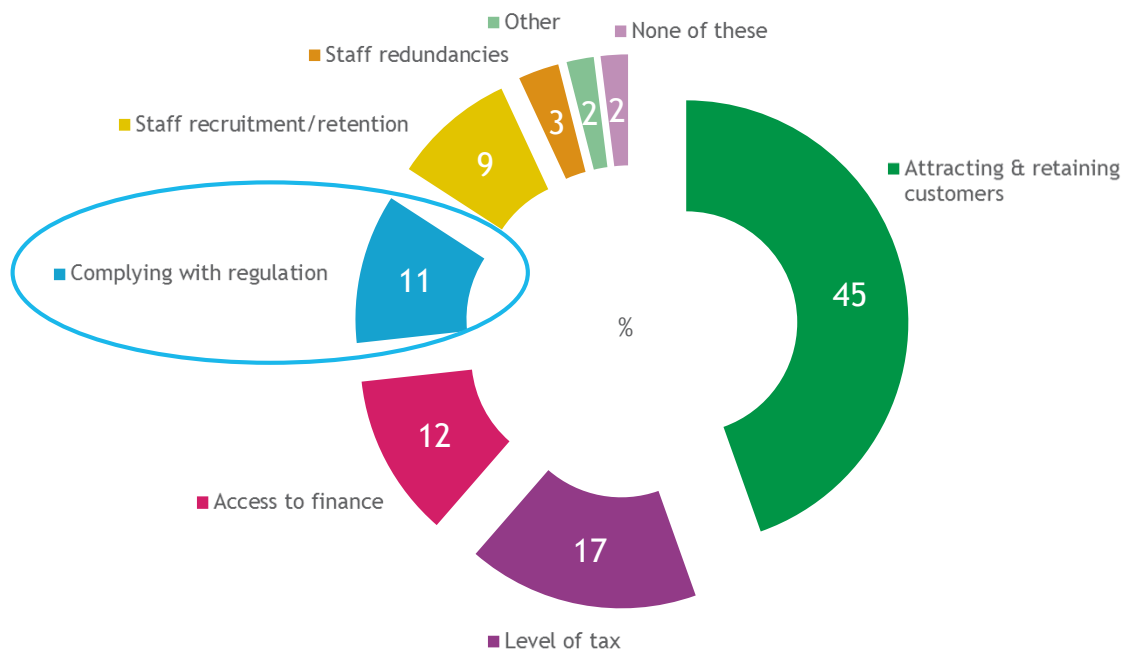
Participants were read a list of six potential business challenges and were then asked to choose the one which presents the greatest challenge to their business.

Figure 3 shows that for almost half of businesses (45%), the biggest challenge is attracting and retaining customers. 17% say it is the level of tax, and for 12% it is access to finance. Compliance with regulation is seen as the greatest challenge by just over 1 in 10 businesses (11%).

In the 2014 survey those who said that ‘complying with regulation’ presented the greatest challenge were asked a follow-up question to ensure that they meant compliance with regulation rather than administration around tax. This question was asked because HMRC is outside of the Government’s Better Regulation remit, and has a separate burden reduction programme which is separately measured via HMRC initiatives. There will be a significant number of businesses who believe that employment legislation and company law include areas what would traditionally be covered by HMRC, such as VAT or National Insurance.

During this checking process, we found that 3% were making this type of misinterpretation and decided to select a different challenge instead. This brought the proportion selecting ‘complying with regulation’ in 2014 down from 14% to 11%.

**Figure 3: Greatest challenge to your business**



Source: A7/A7E I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. Base: Total Sample 1+ employees n=2203

Table 4 below shows two sets of data for 2014:

- 2014 (after clarification): The corrected data after the tax administration clarification
- 2014 (before clarification): The original data before that clarification was made

We use the 2014 (before clarification) data when comparing with data from 2009 to 2012 when no clarification question was used to ensure that we were comparing like with like.

A smaller proportion of businesses identified 'access to finance' as the key challenge in 2014 than in 2012 (but not significantly different to 2009 and 2010). 11% see this as the greatest challenge in 2014 compared with 16% in 2012.

Aspects related to staff are significantly more likely to be seen as challenges in 2014 than in all previous years. 9% say staff recruitment and retention is the greatest challenge compared with 6% in 2012 and 4% and 5% in 2010 and 2009 respectively. 3% view staff redundancies as the greatest challenge, compared with between 0% and 1% in previous years.

**Table 4: Greatest challenge to your business (2009 – 2014)**

|                                    | 2014 (after clarification) | 2014 (before clarification) | 2012 | 2010 | 2009            |
|------------------------------------|----------------------------|-----------------------------|------|------|-----------------|
| Base                               | 2203                       | 2203                        | 2294 | 2000 | 1000 (NAO only) |
| Attracting and retaining customers | 45%                        | 44%                         | 45%  | 41%  | 42%             |
| Level of tax                       | 17%                        | 16%                         | 15%  | 21%  | 16%             |
| Access to Finance                  | 12%                        | <b>11%↓</b>                 | 16%  | 12%  | 13%             |
| Complying with regulation          | 11%                        | 14%                         | 14%  | 16%  | 19%             |
| Staff recruitment and retention    | 9%                         | <b>9%↑</b>                  | 6%   | 4%   | 5%              |
| Staff redundancies                 | 3%                         | <b>3%↑</b>                  | 0%   | 1%   | 1%              |

Source: A7/A7E I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge

## 4. Overall Attitudes towards Regulation

### Key Findings

- Although the same proportion in 2014 as in 2012 identify compliance with regulation as the key challenge, overall perceptions of the regulatory burden in 2014 are improved on previous years. 51% agree that the level of regulation in the UK is an obstacle to business success down from 55% in 2012.
- There have been improvements in perceptions of regulatory 'helpfulness' since 2012 including helping ensure a level playing field, that regulatory management systems are in place and ensuring not non-compliant.
- Officers are seen as courteous and professional but not always knowledgeable about business situations.
- Compliance is a bigger challenge for businesses in the Finance and Agriculture sectors.
- The smaller the company, the less positive an attitude they have towards regulation.
- An increasing proportion (43% up from 38% in 2012) expects the regulatory burden to increase in the next 12 months). However, this is still significantly lower than those thinking the same between 2007 and 2010 (46% in 2010 and 76% in 2007).

### 4.1. The burden of regulation – key measures

As in previous years, businesses were asked about three key measures related to the 'burden' of regulation. They were asked whether:

- Compliance with regulation is the greatest challenge to their business
- The overall level of regulation in the UK is an obstacle to business success
- They expect the burden of regulation to increase in the next 12 months.

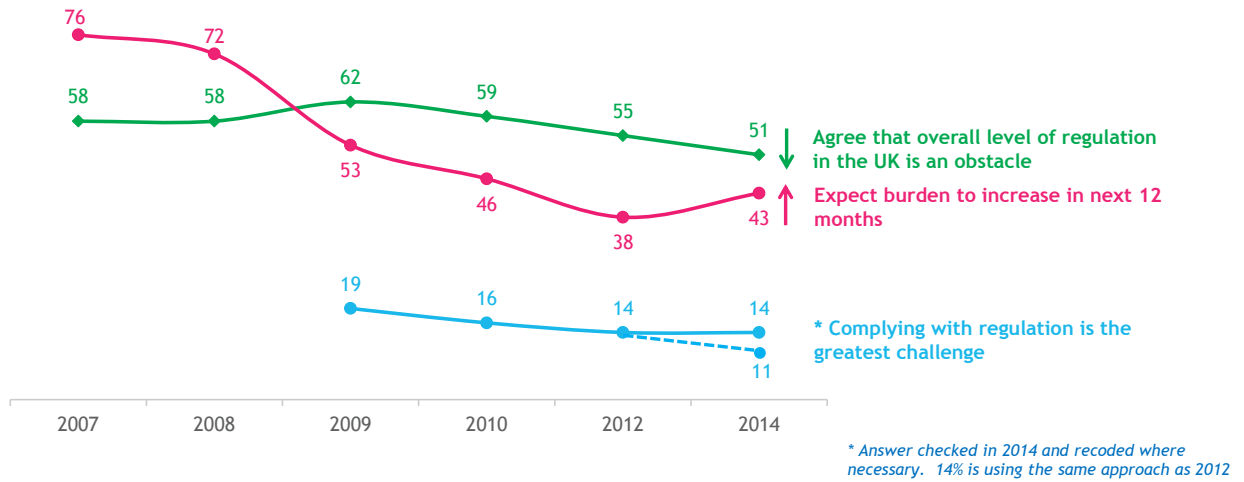
As we saw in the previous section, 11% of businesses say that compliance with regulation is the greatest of the six suggested challenges. However, 14% actually selected this as the main challenge in 2014 (before they were asked the follow-up question to ensure that they meant compliance with regulation rather than administration around tax). The proportion selecting this answer in 2012 was also 14% but with no subsequent checking this indicates that there has been no change in this measure over the last 2 years, assuming a similar proportion of businesses made this misinterpretation in 2012.

Figure 4 shows that business perceptions of regulation have improved consistently since 2009, with just over half (51%) now agreeing that the overall level of regulation in the UK is an obstacle to business success. This is significantly lower than the 55% who felt the same in 2012 and lower than in 2007-2010 when between 58% and 62% agreed with this statement. There has been a corresponding increase in the proportion of businesses who disagree that the overall level of regulation in the UK is an obstacle to business success. 38% disagree with this statement in 2014 which is significantly higher than the 28% who disagreed in 2012. It is also significantly higher than in all previous years (2007-2010) where the proportion disagreeing ranged between 30% and 32%.

Expectations of future regulatory burden are also well below 2009 levels, however a greater number expect the burden to increase in the next 12 months compared with those surveyed in 2012.



Figure 4: The burden of regulation – key measures



Source: A7 I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. B3 Do you agree or disagree that the overall level of regulation in the UK is an obstacle to your business's success? E1 In the next 12 months do you think that the burdens resulting from regulation will decrease, stay the same or increase? Base: Total Sample 1+ employees 2014 n=2203, 2012 n=1000 (National only), 2010 n=1000 (National only), 2009 n=1000 (National only), 2008 n=1000 (National only), 2007 n=1000 (National only)

Table 5 examines these three key measures by Industry Sector. Regulation is clearly a more important challenge in the Agriculture and Finance sectors. 44% of those in the Finance sector and 32% in Agriculture see compliance as the most important challenge versus 11% overall. These sectors are also more likely to agree that the overall level of regulation in the UK is an obstacle to business success (62% Finance, 59% Agriculture versus 51% overall) and to expect that the burdens of regulation will increase in the next 12 months (62% Finance, 53% Agriculture versus 43% overall).

Those working in Property Management/Business Services or Public Administration/Other are least likely to agree that the overall level of regulation is an obstacle (43% v 51% overall)

**Table 5: Key measures by Industry Sector**

|   | INDUSTRY SECTOR |            |             |          |                 |                |                                 |                     |               |            |
|---|-----------------|------------|-------------|----------|-----------------|----------------|---------------------------------|---------------------|---------------|------------|
|   | Total           | Agri-cult. | Const-ruct. | Financ e | Hotel/ Catering | Manufa cturing | Property / Mgt / Business Servs | Public admin/ other | Retail/ Dist. | Trans-port |
| Base  | 2203            | 196        | 163         | 187      | 312             | 198            | 291                             | 254                 | 389           | 213        |
| Complying with regulation is the greatest challenge                                   | 11%             | 32%<br>◆   | 15%<br>◆    | 44%<br>◆ | 8%              | 14%            | 8%<br>★                         | 12%                 | 7%<br>★       | 8%         |
| Agree overall level of regulation in the UK is an obstacle to your business's success | 51%             | 59%<br>◆   | 54%         | 62%<br>◆ | 57%◆            | 49%            | 43%★                            | 43%★                | 59%<br>◆      | 51%        |
| Think that the burdens resulting from regulation will increase                        | 43%             | 53%<br>◆   | 49%         | 62%<br>◆ | 43%             | 37%            | 39%                             | 43%                 | 42%           | 39%        |

Source: A7 I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. B3 Do you agree or disagree that the overall level of regulation in the UK is an obstacle to your business's success? E1 In the next 12 months do you think that the burdens resulting from regulation will decrease, stay the same or increase? Base: Total Sample 1+ employees n=2203

When looking at how businesses in particular sectors have changed in the last two years (table 6), we can see that the biggest negative shift has been in the agriculture sector. 25% of those in the agriculture sector viewed complying with regulation as the greatest challenge in 2012 and this has risen to 35% in 2014. 53% in this sector expect burdens will increase in the next 12 months (compared with only 33% thinking the same in 2012).

As we saw earlier, there has been a 5% increase from 2012 to 2014 in the proportion of businesses who think the regulatory burden will increase in the next year. In addition to agriculture, other sectors that have seen a much bigger increase than 5% on this measure over the last 2 years are construction (49% think the burden will increase compared with 36% in 2012), finance (62% vs. 43%) and hotel/catering (43% vs. 31%).

Sectors that have seen better than average positive shifts between 2012 and 2014 on certain measures are:

- Finance: 45% see complying with regulations as the biggest challenge in 2014. This has fallen from 54% in 2012
- Transport: 11% see complying with regulations as the biggest challenge in 2014. This has fallen from 22% in 2012
- Property / Management / Business Services: 43% agree the level of regulation in the UK is an obstacle to their business success in 2014. This has fallen from 54% in 2012

**Table 6: Key measures by Industry Sector (2014 vs. 2012)**

|   |        | INDUSTRY SECTOR |                 |                 |             |                        |                   |  |                           |                  |                |
|---|--------|-----------------|-----------------|-----------------|-------------|------------------------|-------------------|--|---------------------------|------------------|----------------|
|   |        | Total           | Agric-<br>cult. | Const-<br>ruct. | Financ<br>e | Hotel/<br>Caterin<br>g | Manufa<br>cturing | Property<br>/ Mgt /<br>Business<br>Servs | Public<br>admin/<br>other | Retail/<br>Dist. | Trans-<br>port |
| Base  | 2014   | 2203            | 196             | 163             | 187         | 312                    | 198               | 291                                      | 254                       | 389              | 213            |
|   | 2012   | 1000            | 76              | 94              | 65          | 58                     | 86                | 231                                      | 125                       | 219              | 46             |
| Complying with regulation is the greatest challenge (before clarification)            | * 2014 | 14%             | 35%             | 17%             | 45%         | 10%                    | 17%               | 10%                                      | 14%                       | 9%               | 11%            |
|   | 2012   | 14%             | 25%             | 14%             | 54%         | 13%                    | 17%               | 11%                                      | 12%                       | 13%              | 22%            |
|   | Change | 0%              | 10%<br>◆        | 3%              | 9%★         | -3%                    | 0%                | -1%                                      | 2%                        | -4%              | 11%<br>★       |
| Agree overall level of regulation in the UK is an obstacle to your business's success | 2014   | 51%             | 59%             | 54%             | 62%         | 57%                    | 49%               | 43%                                      | 43%                       | 59%              | 51%            |
|   | 2012   | 55%             | 59%             | 61%             | 58%         | 64%                    | 51%               | 54%                                      | 42%                       | 63%              | 56%            |
|   | Change | -4%             | 0%              | -7%             | 4%◆         | -7%                    | -2%               | -11%★                                    | 1%                        | -4%              | -5%            |
| Think that the burdens resulting from regulation will increase                        | 2014   | 43%             | 53%             | 49%             | 62%         | 43%                    | 37%               | 39%                                      | 43%                       | 42%              | 39%            |
|   | 2012   | 38%             | 33%             | 36%             | 43%         | 31%                    | 31%               | 37%                                      | 45%                       | 37%              | 34%            |
|   | Change | 5%              | 20%<br>◆        | 13%<br>◆        | 19%<br>◆    | 12%<br>◆               | 6%                | 2%                                       | 2%★                       | 5%               | 5%             |

Source: A7 I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. B3 Do you agree or disagree that the overall level of regulation in the UK is an obstacle to your business's success? E1 In the next 12 months do you think that the burdens resulting from regulation will decrease, stay the same or increase? Base: Total Sample 1+ employees n=2203, 2012 n=2294,

Table 7 examines the same three key measures in 2014 by company size. The very smallest (0 employees) and the very largest (250+ employees) are less likely to agree that the overall level of regulation is an obstacle. It is possible this is due to 0 employee businesses being less affected by regulations than those companies employing staff, while the larger companies are likely to have specialist staff handling this aspect and therefore seeing it as less of a burden.

Companies with 250+ employees are also less likely to expect the burdens of regulation to increase in the next 12 months. Small companies (10-49 employees) are more likely than average to cite compliance as their biggest challenge (16% do so compare with 11% overall).

**Table 7: Key measures by Company Size (number of employees)**

|   | COMPANY SIZE |                     |                     |                          |                            |                         |        |
|---|--------------|---------------------|---------------------|--------------------------|----------------------------|-------------------------|--------|
|   | TOTAL        | Micro<br>(1-4 emp.) | Micro<br>(5-9 emp.) | Small<br>(10-49<br>emp.) | Medium<br>(50-249<br>emp.) | Large<br>(250+<br>emp.) | 0 emp. |
| Base  | 2203         | 538                 | 417                 | 712                      | 262                        | 274                     | 297    |
| Complying with regulation is the greatest challenge                                   | 11%          | 10%                 | 11%                 | 16%◆                     | 10%                        | 13%                     | 10%    |
| Agree overall level of regulation in the UK is an obstacle to your business's success | 51%          | 52%                 | 49%                 | 49%                      | 40%★                       | 34%★                    | 38%★   |
| Think that the burdens resulting from regulation will increase                        | 43%          | 43%                 | 42%                 | 42%                      | 38%                        | 35%★                    | 40%    |

Source: A7 I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. B3 Do you agree or disagree that the overall level of regulation in the UK is an obstacle to your business's success? E1 In the next 12 months do you think that the burdens resulting from regulation will decrease, stay the same or increase? Base: Total Sample 1+ employees n=2203

Table 8 examines the same key measures by business growth aims and shows that although less likely to cite it as the greatest challenge they face at the moment (6% versus 11% overall), those aiming for quick and aggressive growth are most likely to find the overall level of regulation an obstacle (61% versus 51% overall) or to expect the burden to increase in the next 12 months (56% versus 43%).

One potential reason why businesses might expect the regulation burden to increase in the next 12 months could be linked to that company's growth i.e. if a business is expecting to grow it might expect the regulatory burden to grow because it may have more staff, more clients and/or more suppliers to handle. It may also be growing via the development of new products or entry into new markets or regions.

In addition to the variables mentioned earlier in this section that might be affecting attitudes to regulation i.e. sector, size and growth aims, the following business types are more likely to see regulation as their greatest challenge:

- Businesses that have been trading for over 20 years
- Businesses that deal with more than one regulator
- Businesses that have been inspected in the last year.

**Table 8: Key measures by growth aims**

| Column %  | GROWTH AIMS |                      |        |               |        |
|---|-------------|----------------------|--------|---------------|--------|
|   | TOTAL       | Quick and aggressive | Steady | Stay the same | Shrink |
| Base  | 2203        | 156                  | 1473   | 471           | 77     |
| Complying with regulation is the greatest challenge                                   | 11%         | 6%★                  | 10%    | 14%◆          | 14%    |
| Agree overall level of regulation in the UK is an obstacle to your business's success | 51%         | 61%◆                 | 48%★   | 54%           | 57%    |
| Think that the burdens resulting from regulation will increase                        | 43%         | 56%◆                 | 44%    | 36%★          | 43%    |

Source: A7 I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. B3 Do you agree or disagree that the overall level of regulation in the UK is an obstacle to your business's success? E1 In the next 12 months do you think that the burdens resulting from regulation will decrease, stay the same or increase? Base: Total Sample 1+ employees n=2203

## 4.2. Attitudes to business regulation

In order to assess general attitudes towards business regulation, businesses were asked about the extent to which they agreed or disagreed with five statements about business regulation. Those who had been visited by a regulator within the past 3 years were asked about two further statements focussing on regulating officers.

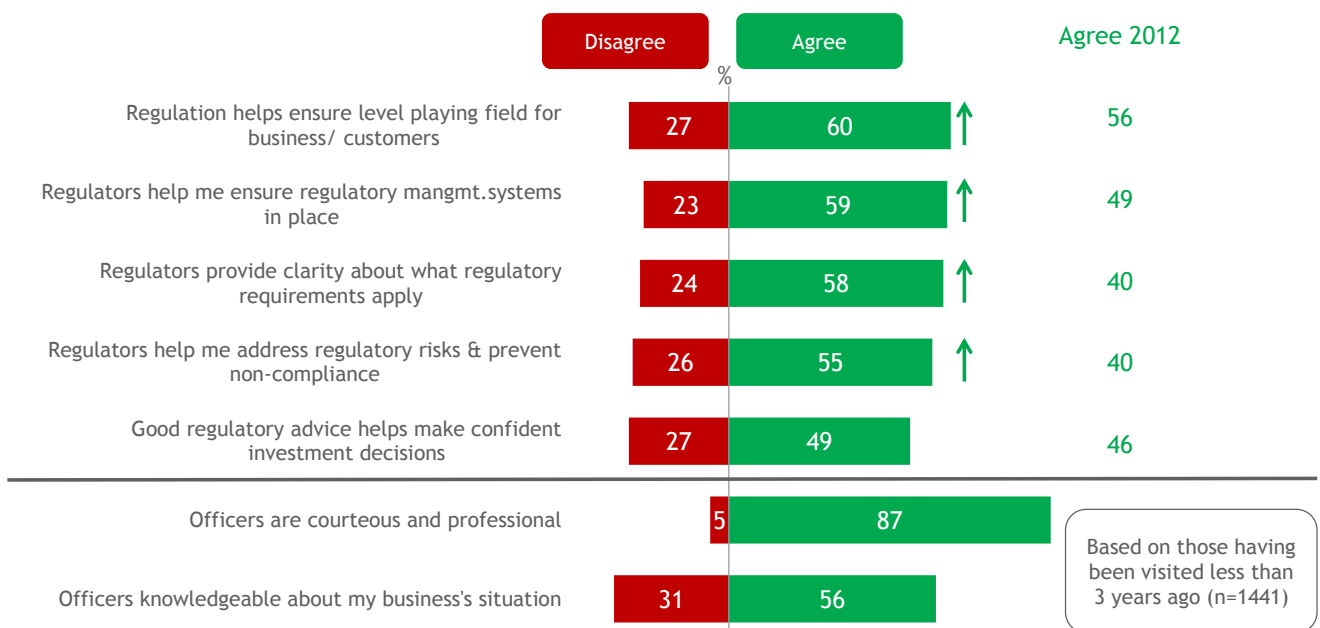
Figure 5 shows that although around 1 in 4 disagree with each of the five factors asked of all businesses, there has been a significant rise for all but one of the five measures since 2012.

Around six in ten businesses agree that regulation ‘helps ensure a level playing field’ or ‘helps ensure regulatory management systems are in place’. Most improvement has occurred in the area of providing ‘clarity about what regulatory requirements apply’, with 58% agreeing with this in 2014 compared with only 40% agreeing in 2012.

Just under a half of businesses (49%) agree that ‘good regulatory advice helps make confident investment decisions’. This is not significantly higher than the proportion agreeing with this statement in 2012 (46%).

Just over a half of businesses (53%) have been inspected in the last 3 years (39% in the last year and a further 14% in the last 1-3 years). The vast majority of those who had been visited by a regulator within the past 3 years agree that officers are courteous and professional (87%), although a sizeable minority (31%) disagree that officers are knowledgeable about their business’s situation. These attitudes were not measured before 2014.

**Figure 5: Attitudes to business regulation**



Source: A8 I’d like you to tell me to what extent you agree or disagree with each of these statements about business regulation. Base: Total Sample 1+ employees n=2203 (2012 n=2294)

As can be seen in Table 9, the least positive attitudes towards business regulation are held in the Finance and Property/Business Services sectors, with both sectors significantly less likely to agree that ‘regulators help me to ensure appropriate regulatory management systems and controls are in place’ or that ‘regulators provide clarity about what regulatory requirements apply to my business’. The Finance sector is also notably less likely to agree that regulation ‘provides a level playing field for businesses and customers’.

Those in the hotel/catering industry hold the most positive attitudes across most aspects.

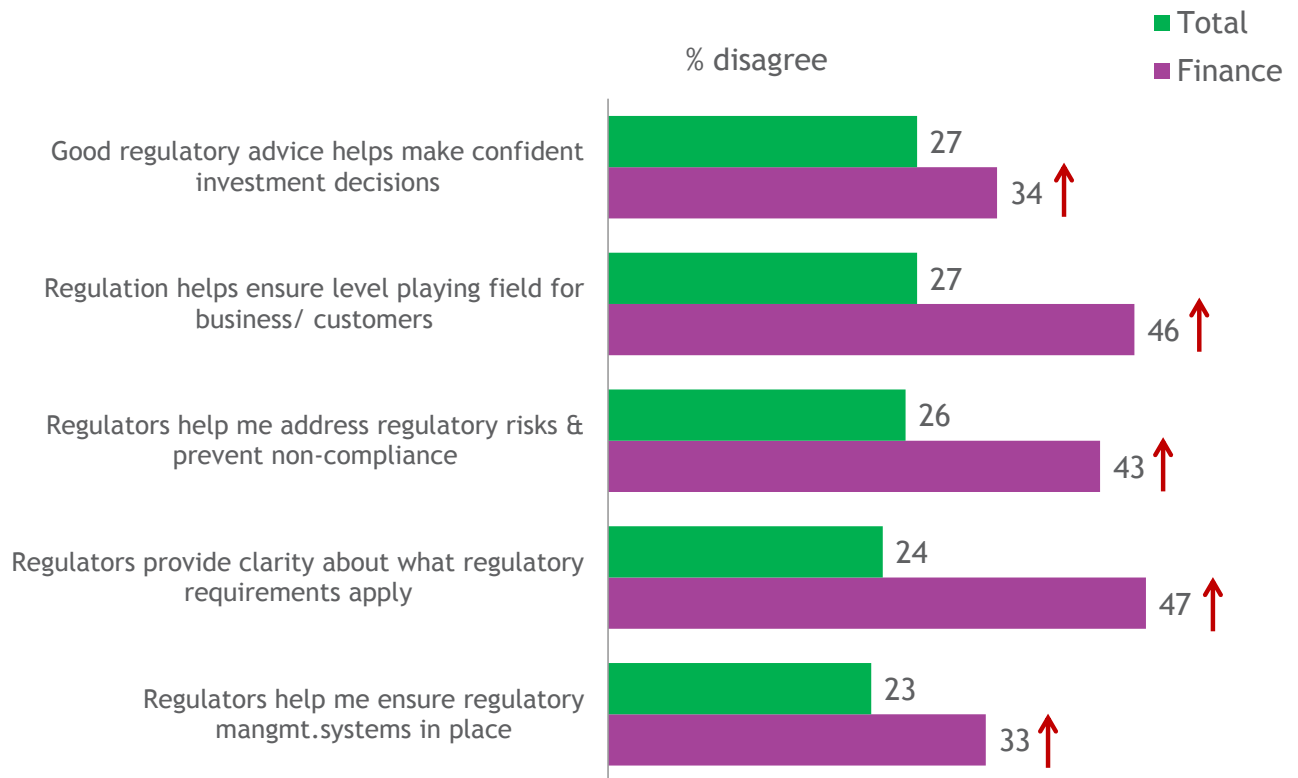
**Table 9: Attitudes to business regulation – by Industry Sector**

|  | INDUSTRY SECTOR |            |             |          |                 |                 |                                    |                       |                |            |
|--|-----------------|------------|-------------|----------|-----------------|-----------------|------------------------------------|-----------------------|----------------|------------|
|  | Total           | Agri-cult. | Const-ruct. | Finan-ce | Hotel/Cateri-ng | Manu-factur-ing | Prope-rtly / Mgt / Busi-ness Servs | Publi-c admi-n/ other | Retail / Dist. | Trans-port |
| <b>% Agree (NET)</b>   |                 |            |             |          |                 |                 |                                    |                       |                |            |
| Base   | 2203            | 196        | 163         | 187      | 312             | 198             | 291                                | 254                   | 389            | 213        |
| Regulation helps to ensure a level playing field for business and customers                      | 60%             | 53%        | 60%         | 45%<br>★ | 67%<br>◆        | 61%             | 59%                                | 59%                   | 60%            | 65%        |
| Regulators help me to ensure appropriate regulatory management systems and controls are in place | 59%             | 64%        | 65%         | 52%<br>★ | 68%<br>◆        | 61%             | 45%<br>★                           | 64%                   | 68%<br>◆       | 63%        |
| Regulators provide clarity about what regulatory requirements apply to my business               | 58%             | 56%        | 61%         | 41%<br>★ | 66%<br>◆        | 59%             | 48%<br>★                           | 67%<br>◆              | 61%            | 65%<br>◆   |
| Regulators help my business to address regulatory risks and prevent non-compliance happening     | 55%             | 53%        | 58%         | 49%      | 64%<br>◆        | 55%             | 44%<br>★                           | 61%<br>◆              | 59%<br>◆       | 63%<br>◆   |
| Good regulatory advice helps me to make confident investment decisions                           | 49%             | 48%        | 61%<br>◆    | 49%      | 57%<br>◆        | 46%             | 46%                                | 37%<br>★              | 53%            | 51%        |
| Base   | 1441            | 140        | 94          | 77       | 278             | 114             | 121                                | 190                   | 297            | 130        |
| Officers who come to my business are courteous and professional                                  | 87%             | 83%        | 91%         | 88%      | 86%             | 86%             | 87%                                | 88%                   | 87%            | 88%        |
| Officers who come to my business are knowledgeable about my business' situation                  | 56%             | 57%        | 66%<br>◆    | 63%      | 62%<br>◆        | 52%             | 42%<br>★                           | 54%                   | 58%            | 57%        |

Source: A8 I'd like you to tell me to what extent you agree or disagree with each of these statements about business regulation. Base: Total Sample 1+ employees n=2203

Figure 6 shows that those in the Finance sector are more likely to have negative perceptions about business regulation when compared with other sectors.

**Figure 6: Attitudes to business regulation (Total vs. Finance Sector)**



Source: A8 I'd like you to tell me to what extent you agree or disagree with each of these statements about business regulation. Base: Total Sample 1+ employees n=2203, those working in Finance sector n=187



Table 10 shows attitudes to the same business regulation but by size of business and shows that the smaller the company the less positive their attitudes are towards business regulation. 0 employee businesses in particular are less likely to agree with the majority of elements; notably only 35% agree that 'good regulatory advice helps me to make confident investment decisions' compared with 49% overall.

Medium (50-249 employees) and large (250+ employees) hold the most positive attitudes towards business regulation and in most cases are significantly more positive than businesses overall. Three-quarters of the largest businesses (250+ employees) agree that 'regulation helps to ensure a level playing field for business and customers' and the same proportion of medium businesses (50-249 employees) agree that 'regulators provide clarity about what regulatory requirements apply to my business.'

**Table 10: Attitudes to business regulation – by Company Size (number of employees)**

|  | COMPANY SIZE |                        |                        |                          |                            |                         |        |
|--|--------------|------------------------|------------------------|--------------------------|----------------------------|-------------------------|--------|
|  | TOTAL        | Micro<br>(1-4<br>emp.) | Micro<br>(5-9<br>emp.) | Small<br>(10-49<br>emp.) | Medium<br>(50-249<br>emp.) | Large<br>(250+<br>emp.) | 0 emp. |
| Base   | 2203         | 538                    | 417                    | 712                      | 262                        | 274                     | 297    |
| Regulation helps to ensure a level playing field for business and customers                      | 60%          | 57%                    | 62%                    | 66%◆                     | 69%◆                       | 74%◆                    | 58%    |
| Regulators help me to ensure appropriate regulatory management systems and controls are in place | 59%          | 58%                    | 62%                    | 62%                      | 67%◆                       | 64%                     | 47%★   |
| Regulators provide clarity about what regulatory requirements apply to my business               | 58%          | 57%                    | 56%                    | 60%                      | 75%◆                       | 65%◆                    | 48%★   |
| Regulators help my business to address regulatory risks and prevent non-compliance happening     | 55%          | 53%★                   | 56%                    | 59%□                     | 70%◆                       | 65%◆                    | 41%★   |
| Good regulatory advice helps me to make confident investment decisions                           | 49%          | 49%                    | 49%                    | 50%                      | 62%◆                       | 55%                     | 35%★   |
| Base   | 1441         | 297                    | 252                    | 481                      | 192                        | 219                     | 125    |
| Officers who come to my business are courteous and professional                                  | 87%          | 84%                    | 90%                    | 91%                      | 95%                        | 92%                     | 85%    |
| Officers who come to my business are knowledgeable about my business' situation                  | 56%          | 59%                    | 50%                    | 55%                      | 54%                        | 59%                     | 50%    |

Source: A8 I'd like you to tell me to what extent you agree or disagree with each of these statements about business regulation. Base: Total Sample 1+ employees n=2203, 0 employees n=297

### 4.3. Important factors in compliance

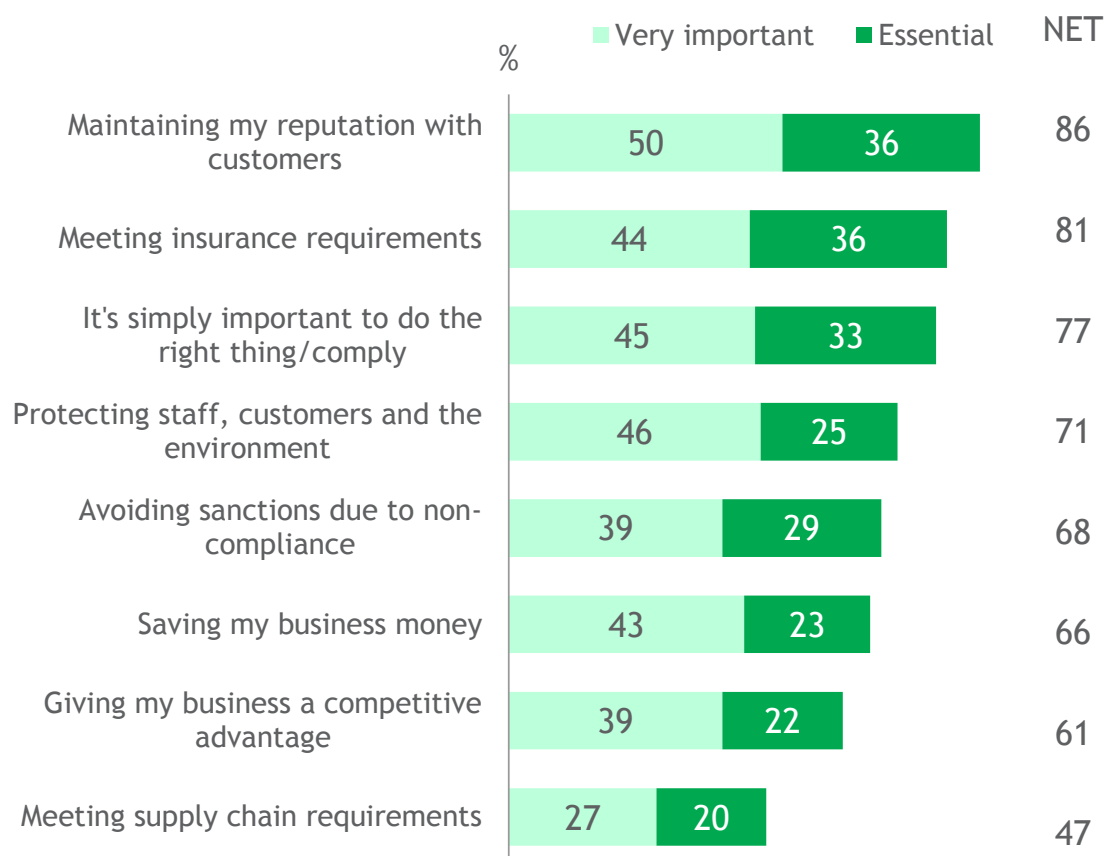
Businesses were asked to consider eight factors which may have a role to play in encouraging their business to comply with regulation. Figure 7 shows the proportion of businesses saying these factors are ‘essential’ or ‘very important’ in this respect.

Figure 7 shows that compliance clearly has a role in business reputation; with 86% saying it is either ‘essential’ or ‘very important’ for maintaining their reputation with customers. Meeting insurance requirements is also an important consideration (81%). For both of these factors, more than one in three (36%) say it is an ‘essential’ consideration where compliance is concerned.

More than seven in ten feel a sense of wider responsibility; a need to ‘do the right thing/comply with the law’ (77% ‘essential’ or ‘very important’) or ‘protect staff, customers and the environment’ (71%). For 68% a desire to avoid sanctions due to non-compliance is an important consideration.

Lower proportions factor in elements of financial or competitive edge, with 66% rating ‘saving money’ and 61% ‘competitive advantage’ as important factors in encouraging compliance. Meeting supply chain requirements is less important at an overall level, but has more impact for larger companies and certain industries as shown in Table 11 and Table 12.

**Figure 7: Importance of complying with regulation**



Source: A9 How important are the following factors in encouraging your business to comply with regulation? Base: Total Sample 1+ employees n=2203

Table 11 shows that there are some clear differences between different industry sectors in terms of the level of importance placed on these factors.

Those in property management/business services are significantly less likely to rate any of the factors 'essential' or 'very important', and those in hotel/catering, retail/distribution, construction or transport significantly more so.

Those working in Finance are the most likely to factor in 'doing the right thing' (90% rate this as essential/very important) but are generally less likely than average to rate other elements as important.

Supply chain requirements, although less important overall, have a greater saliency with regard to compliance in the construction, manufacturing, retail/distribution and transport industries.

**Table 11: Importance of complying with regulation – by Industry Sector**

|   | INDUSTRY SECTOR |              |              |              |                 |                 |                                    |                       |                |              |
|---|-----------------|--------------|--------------|--------------|-----------------|-----------------|------------------------------------|-----------------------|----------------|--------------|
|   | Total           | Agri-cult.   | Const-ruct.  | Finan-ce     | Hotel/Cateri-ng | Manu-factur-ing | Prope-rtly / Mgt / Busin-ess Servs | Publi-c admi-n/ other | Retail / Dist. | Trans- port  |
| <b>Essential/very important</b>                                   |                 |              |              |              |                 |                 |                                    |                       |                |              |
| Base  | 2203            | 196          | 163          | 187          | 312             | 198             | 291                                | 254                   | 389            | 213          |
| Maintaining my reputation with customers                          | 86%             | 84%          | 90%          | <b>79%</b> ★ | 89%             | 85%             | <b>80%</b> ★                       | 88%                   | <b>90%</b> ◆   | <b>91%</b> ◆ |
| Meeting insurance requirements                                    | 81%             | 75%          | <b>88%</b> ◆ | 77%          | <b>86%</b> ◆    | 81%             | <b>77%</b> ★                       | 78%                   | 81%            | 85%          |
| It's simply important to do the right thing / comply with the law | 77%             | <b>65%</b> ★ | 76%          | <b>90%</b> ◆ | <b>84%</b> ◆    | 78%             | <b>72%</b> ★                       | 77%                   | <b>84%</b> ◆   | <b>85%</b> ◆ |
| Protecting staff, customers and the environment                   | 71%             | 67%          | 75%          | <b>56%</b> ★ | <b>77%</b> ◆    | <b>61%</b> ★    | <b>60%</b> ★                       | <b>83%</b> ◆          | <b>78%</b> ◆   | <b>81%</b> ◆ |
| Avoiding sanctions due to non-compliance                          | 68%             | 64%          | 67%          | <b>81%</b> ◆ | <b>73%</b> ◆    | 68%             | <b>58%</b> ★                       | <b>76%</b> ◆          | <b>74%</b> ◆   | 68%          |
| Saving my business money  | 66%             | 67%          | <b>75%</b> ◆ | <b>48%</b> ★ | <b>72%</b> ◆    | <b>58%</b> ★    | <b>57%</b> ★                       | 66%                   | <b>73%</b> ◆   | <b>76%</b> ◆ |
| Giving my business a competitive advantage                        | 61%             | <b>51%</b> ★ | <b>71%</b> ◆ | <b>49%</b> ★ | <b>66%</b> ◆    | <b>51%</b> ★    | <b>54%</b> ★                       | 59%                   | <b>69%</b> ◆   | 67%          |
| Meeting supply chain requirements                                 | 47%             | 49%          | <b>60%</b> ◆ | <b>34%</b> ★ | 45%             | <b>56%</b> ◆    | <b>36%</b> ★                       | <b>40%</b> ★          | <b>59%</b> ◆   | <b>58%</b> ◆ |

Source: A9 How important are the following factors in encouraging your business to comply with regulation? Base: Total Sample 1+ employees n=2203

Table 12 shows that there are some clear differences by company size in terms of the level of importance placed on these factors.

Small (10-49 employees) and medium (50-249 employees) businesses are more likely than average to place greater importance on insurance requirements, doing the right thing and avoiding sanctions.

Larger companies (250+ employees) are most likely to factor in 'maintaining reputation with customers' (92% saying 'essential' or 'very important') or 'protecting staff, customers and the environment' (85%).

Supply chain requirements, although less important overall, have a greater saliency with regard to compliance among medium and large businesses.

**Table 12: Importance of complying with regulation – by Company Size (number of employees)**

|   | COMPANY SIZE |                  |                  |                    |                      |                   | 0 emp. |
|---|--------------|------------------|------------------|--------------------|----------------------|-------------------|--------|
|   | TOTAL        | Micro (1-4 emp.) | Micro (5-9 emp.) | Small (10-49 emp.) | Medium (50-249 emp.) | Large (250+ emp.) |        |
| Base  | 2203         | 538              | 417              | 712                | 262                  | 274               | 297    |
| Maintaining my reputation with customers                          | 86%          | 85%              | 89%◆             | 86%                | 86%                  | 92%◆              | 89%    |
| Meeting insurance requirements                                    | 81%          | 78%              | 83%              | 86%◆               | 86%◆                 | 78%               | 81%    |
| It's simply important to do the right thing / comply with the law | 77%          | 76%              | 80%              | 81%◆               | 83%◆                 | 82%               | 84%◆   |
| Protecting staff, customers and the environment                   | 71%          | 69%              | 73%              | 72%                | 76%                  | 85%◆              | 66%    |
| Avoiding sanctions due to non-compliance                          | 68%          | 65%★             | 71%              | 73%◆               | 78%◆                 | 83%◆              | 66%    |
| Saving my business money  | 66%          | 67%              | 70%              | 59%★               | 65%                  | 59%               | 63%    |
| Giving my business a competitive advantage                        | 61%          | 61%              | 58%              | 61%                | 64%                  | 59%               | 55%★   |
| Meeting supply chain requirements                                 | 47%          | 46%              | 46%              | 50%                | 59%◆                 | 57%◆              | 47%    |

Source: A9 How important are the following factors in encouraging your business to comply with regulation? Base: Total Sample 1+ employees n=2203, 0 employees n=297

## 5. Effort of Dealing with Regulation

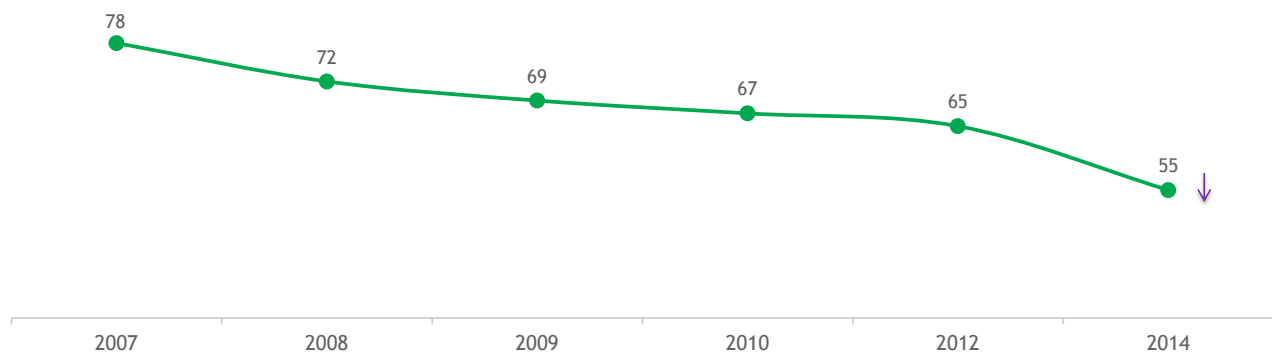
### Key Findings

- On average, businesses spend 5.7 staff days per month dealing with the one specific law type they were asked questions about.
- 55% think the length of time spent on that one specific law type is a burden (down from 65% in 2012 and down from 78% since 2007).
- Not surprisingly, larger businesses spend more staff days per month dealing with regulation. They are also more likely to find it burdensome and involve greater effort.
- Food safety, licensing and health & safety law take up more staff time than other law types.
- There are fewer businesses in 2014 compared with previous years perceiving a variety of regulatory activities as a burden. Activities linked to finding information and keeping up to date and supplying information are less likely be seen as burdensome compared with 2012.

### 5.1. Time & effort spent dealing with compliance

Figure 8 shows how perceptions of the time spent dealing with compliance has decreased over time and sharply over the last 2 years. Businesses were asked for their level of agreement that ‘the length of time it takes to go through the whole process of complying (with that one law)’ is a burden. 55% agreed with this statement in 2014 a fall from 65% in 2012 and much lower than the 78% who agreed with this statement in 2007.

**Figure 8: Agree length of time spent on (LAW) is a burden**



Source: C1a Do you agree or disagree that the following activities are a burden when complying with regulation (the length of time it takes to go through the whole process of complying). Base: Total Sample 1+ employees n=2203 (2014) 2012 n=2294, 2010 n=2000, 2009 n =1000 (National only), 2008 n =1000 (National only), 2007 n =1000 (National only)

Figure 9 shows two key measures for time spent dealing with compliance. Businesses were asked for the average number of days in total that their staff spend each month dealing with compliance for one specific law type, and then for their level of agreement that ‘the length of time it takes to go through the whole process of complying (with that one law)’ is a burden.

Figure 9 shows that food safety, licensing and locally enforced health & safety demand the most from staff time (all averaging over nine staff days per month). Employment, planning, fire safety and consumer protection demand the least amount of time (all averaging less than three staff days per month). Those responding about nationally enforced laws are more likely than locally enforced to find it burdensome; notably planning and environmental. Those least likely to find it burdensome were answering about fire safety, food safety or licensing laws.

Interestingly, there appears to be no linear correlation between the actual number of staff days and perceptions of compliance being burdensome. This is demonstrated in the contrast between food safety and planning. Food safety has the highest mean days per month in terms of staff time (fourteen days) but yet one of the lowest proportions of businesses agreeing that the length of time spent on compliance is a burden (41%). By contrast,, those answering about Planning are most likely to agree that the length of time spent is a burden (66%) yet on average only two staff days per month are spent on compliance (the lowest of all law types).

**Figure 9: Time (mean days) spent on dealing with complying with (law type)**



Source: B1. On average, how many days in total do your staff spend per month on dealing with complying with (LAW TYPE)? This does not include any time spent by external contractors? C1a Do you agree or disagree that the following activities are a burden when complying with regulation (the length of time it takes to go through the whole process of complying). Base: Total Sample 1+ employees n=2203, Company n=240, Employment n=260, H&S n=242, Planning n=134, Environmental n=214, Food safety n=226, Consumer Protection n=198, Fire safety n=255, H&S n=249, Licensing n=185

Table 13 below shows that licensing has improved on this aspect more than average. 66% answering about licensing law agreed that the length of time they spend on that law is a burden in 2012 and this has fallen by 19% over 2 years (47% agreeing with statement in 2014). Those answering about company law and consumer protection law are below average. There has been a 3% drop on this measure since 2012 compared with the 10% average.

**Table 13: Key measures by Law Type (2014 vs. 2012)**

|   |        | LAW                 |     |      |      |      |                  |     |      |     |           |
|---|--------|---------------------|-----|------|------|------|------------------|-----|------|-----|-----------|
|   |        | NATIONALLY ENFORCED |     |      |      |      | LOCALLY ENFORCED |     |      |     |           |
|   |        | Total               | Com | Emp  | H&S  | Plan | Food             | CP  | Fire | H&S | Lic       |
| Base                                      |        | 2203                | 240 | 260  | 242  | 134  | 226              | 198 | 255  | 249 | 185       |
| Agree length of time on (LAW) is a burden | 2014   | 55%                 | 62% | 55%  | 63%  | 66%  | 41%              | 54% | 36%  | 60% | 47%       |
|   | 2012   | 65%                 | 65% | 70%  | 74%  | 71%  | 56%              | 57% | 52%  | 66% | 66%       |
|   | Change | -10%                | -3% | -15% | -11% | -5%  | -15%             | -3% | -16% | -6% | -19%<br>↓ |

Source: C1a Do you agree or disagree that the following activities are a burden when complying with regulation (the length of time it takes to go through the whole process of complying). Base: Total Sample 1+ employees n=2203, 2012 n=2294

Table 14 looks at these measures by company size and demonstrates that, as one might expect, the larger the business the higher the average number of days spent by staff on compliance. The largest businesses (250+ employees) are most likely to agree that the length of time is a burden (61%) and the smallest (0 employees) are least likely to feel this is true (45%).

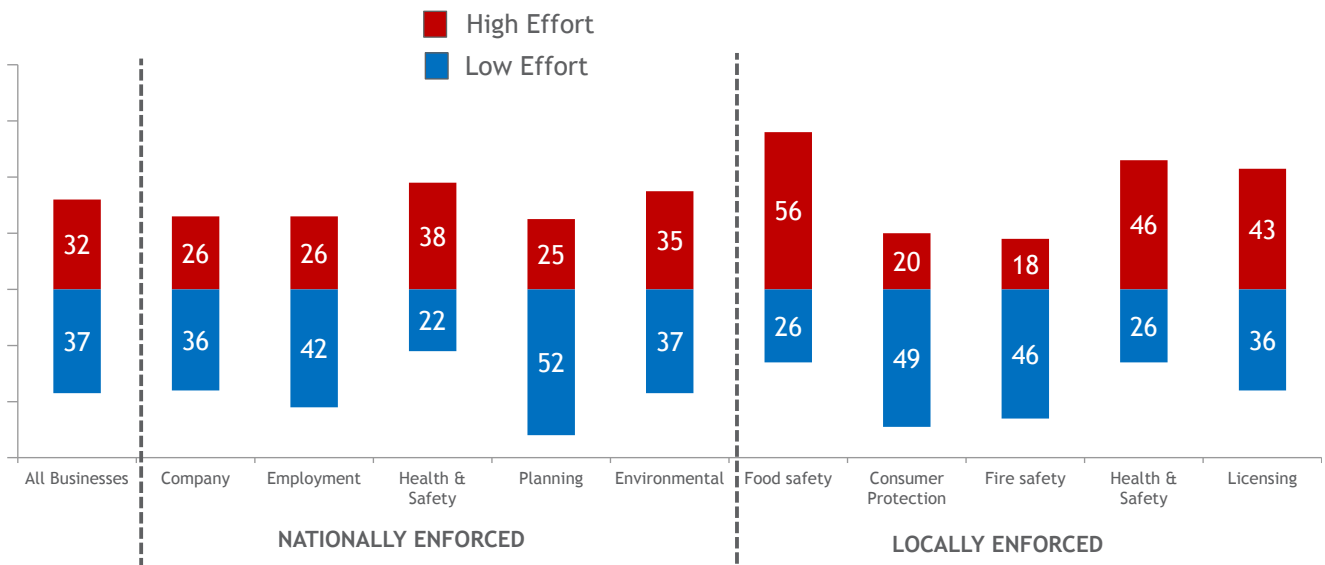
**Table 14: Importance of complying with regulation – by Company Size (number of employees)**

|  | COMPANY SIZE |                  |                  |                    |                      |                   |        |
|--|--------------|------------------|------------------|--------------------|----------------------|-------------------|--------|
|  | TOTAL        | Micro (1-4 emp.) | Micro (5-9 emp.) | Small (10-49 emp.) | Medium (50-249 emp.) | Large (250+ emp.) | 0 emp. |
| Base   | 2203         | 538              | 417              | 712                | 262                  | 274               | 297    |
| Average no. days per month spent on (LAW) regulation | 5.7          | 5.7              | 6.1              | 7.0                | 8.8                  | 16.1♦             | 3.7★   |
| Agree length of time on (LAW) is a burden            | 55%          | 54%              | 54%              | 60%                | 54%                  | 61%♦              | 45%★   |

Source: B1. On average, how many days in total do your staff spend per month on dealing with complying with (LAW TYPE)? This does not include any time spent by external contractors? C1a Do you agree or disagree that the following activities are a burden when complying with regulation (the length of time it takes to go through the whole process of complying). Base: Total Sample 1+ employees n=2203, 0 employees n=297

Businesses were also asked to consider the amount of effort they had to put into complying with specific law types (Figure 10). Overall around a third (32%) said this was a high amount of effort (rating 4 or 5 out of 5 for effort). This rises to more than a half of those answering about food safety and is also significantly higher amongst those answering about locally enforced health and safety or licensing laws. Conversely, 37% say they put a low amount of effort (rating 1 or 2 out of 5 for effort). Those answering about planning law, consumer protection law and fire safety law give the highest 'low effort' scores.

**Figure 10: Effort score by law (% saying business has to put a high / low effort into complying)**

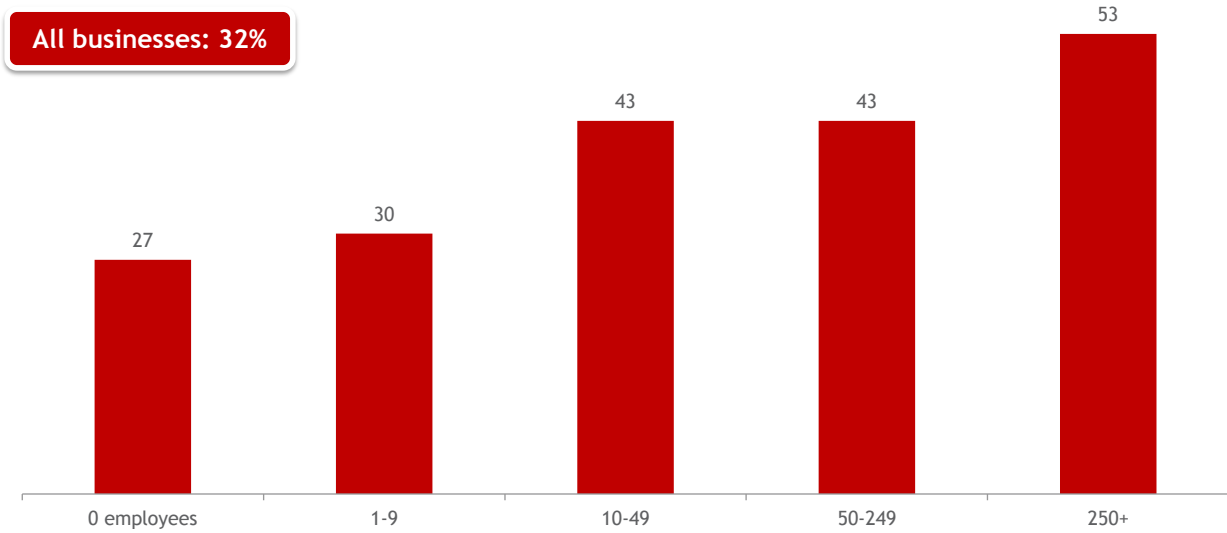


Source: B3 How much effort does your business have to put into complying with (LAW) on a scale of 1 to 5 where 1 is a very low amount of effort and 5 is a very high amount of effort? Base: Total Sample 1+ employees n=2203, Company n=240, Employment n=260, H&S n=242, Planning n=134, Environmental n=214, Food safety n=226, Consumer Protection n=198, Fire safety n=255, H&S n=249, Licensing n=185

Figure 11 shows that perceived effort is higher amongst non-micro companies with 10-49 employees (43%) or 50-249 employees (43%) or 250+ employees (53%). It is also higher in the construction (47%) and hotel/catering (48%) sectors but this is heavily based on the law type they were asked about i.e. hotels and catering were much more likely to be asked about food safety law and this high score is reflective of the law type rather than the industry sector.



Figure 11: Effort score by company size (% saying business has to put a high effort into complying)



Source: B3 How much effort does your business have to put into complying with (LAW) on a scale of 1 to 5 where 1 is a very low amount of effort and 5 is a very high amount of effort? Base: 0 employees n=297, Total Sample 1+ employees: 1-9 n=955, 10-49 n=712, 50-249 n=262, 250+ n=274

## 5.2. Identifying which aspects of regulation businesses find burdensome

Businesses were asked to consider a number of activities related to compliance with regulation for a specific law type. Agreement with a statement indicates that an activity is a burden.

### 5.2.1. Information and keeping up to date

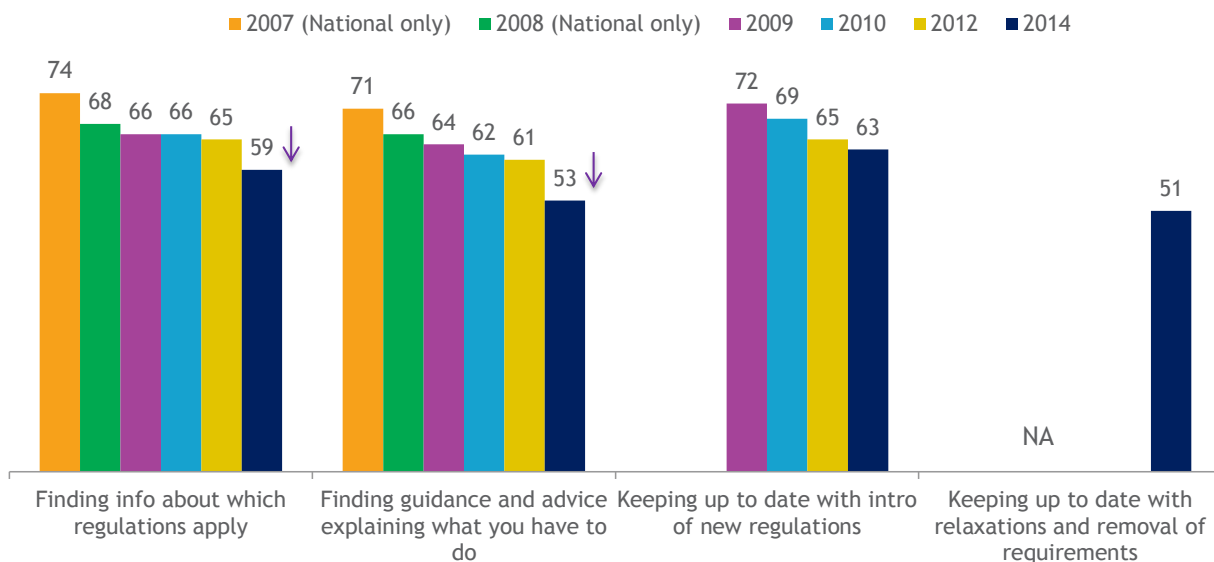
Figure 12 examines activities related to information and keeping up to date. Keeping up to date with the introduction of new regulations is the most burdensome in this respect; with 63% agreeing it is a burden (not significantly lower than the proportion in 2012: 65% but significantly lower than previous years). 51% see keeping up to date with relaxations and removal of requirements as a burden (a new measure for 2014).

Approaching six in ten (59%) agree that finding information about which regulations apply is a burden (lower than the 65% who felt this in 2012 and continuing a trend of downward movement on this negative measure since 2007), and just over half (53%) feel this applies to finding guidance and advice explaining what you have to do to comply (down from 61% in 2012 and continuing a trend of downward movement on this negative measure since 2007).

Those businesses who find the elements relating to keeping up to date with regulations a burden are more likely to use an external adviser / agent to help them. As an example, 63% feel it is a burden keeping up to date with the introduction of new regulations. However, when we look at those people who use an external adviser / agent this figure increases to 68%.

There were no differences though in terms of finding information about which regulations apply or finding guidance or advice explaining what you have to do. Those using an external adviser / agent were no more likely to find these aspects a burden.

**Figure 12: Agreement (% agree) that activities are a burden when complying with regulation**



Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203 (2014) 2012 n=2294, 2010 n=2000, 2009 n=1000 (National only), 2008 n=1000 (National only), 2007 n=1000 (National only)

Table 15 examines this in relation to specific laws. Those answering about food safety or fire safety are significantly less likely to say any of the activities related to information and keeping up to date are burdensome.

Those answering about company law are most likely to say it is a burden finding information about which regulations apply and what you have to do to comply. Those answering about national health & safety law are most likely to find it burdensome keeping up to date with new regulations and keeping up to date with relaxed or removed regulations.

**Table 15: Agreement (% agree) that activities are a burden when complying with regulation**

|  | LAW   |                     |     |          |      |          |                  |          |          |          |     |
|--|-------|---------------------|-----|----------|------|----------|------------------|----------|----------|----------|-----|
|  | Total | NATIONALLY ENFORCED |     |          |      |          | LOCALLY ENFORCED |          |          |          |     |
|  |       | Com                 | Emp | H&S      | Plan | Env      | Food             | CP       | Fire     | H&S      | Lic |
| Base   | 2203  | 240                 | 260 | 242      | 134  | 214      | 226              | 198      | 255      | 249      | 185 |
| Finding information about which regulations apply to your business                           | 59%   | 68%<br>◆            | 59% | 64%      | 62%  | 64%      | 54%<br>★         | 59%      | 47%<br>★ | 61%      | 55% |
| Finding guidance and advice explaining what you have to do to comply with a given regulation | 53%   | 60%<br>◆            | 53% | 58%      | 56%  | 57%      | 43%<br>★         | 52%      | 40%<br>★ | 60%<br>◆ | 49% |
| Having to keep up to date with the introduction of new regulations                           | 63%   | 65%                 | 68% | 72%<br>◆ | 58%  | 62%      | 55%<br>★         | 69%      | 50%<br>★ | 65%      | 57% |
| Having to keep up to date with relaxations and removal of regulatory requirements            | 51%   | 52%                 | 55% | 62%<br>◆ | 49%  | 57%<br>◆ | 42%<br>★         | 41%<br>★ | 40%<br>★ | 57%<br>◆ | 44% |

Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203

Table 16 shows how particular law types have changed in the last two years. The table only includes statements asked in both years and excludes environmental law (which was not included in 2012).

Nationally enforced health & safety law has seen a better than average improvement in thinking that finding information about which regulations apply to your business being a burden (13% fewer businesses answering about this law found this aspect a burden compared with 2012, compared with 6% fewer for all businesses).

Conversely, locally enforced health & safety has performed worse than average for finding guidance and advice explaining what you have to do to comply a burden. (3% more businesses answering about this law found this aspect a burden compared with 2012, compared with 8% fewer for all businesses). In addition, 11% more businesses answering about consumer protection found having to keep up to date with the introduction of new regulations a burden than in 2012 compared with 2% fewer for all businesses.

**Table 16: Agreement (% agree) that activities are a burden when complying with regulation (2014 vs. 2012)**

|  |        | LAW                 |     |     |             |      |                  |              |      |             |     |
|--|--------|---------------------|-----|-----|-------------|------|------------------|--------------|------|-------------|-----|
|  |        | NATIONALLY ENFORCED |     |     |             |      | LOCALLY ENFORCED |              |      |             |     |
|  |        | Total               | Com | Emp | H&S         | Plan | Food             | CP           | Fire | H&S         | Lic |
| Base   | 2014   | 2203                | 240 | 260 | 242         | 134  | 226              | 198          | 255  | 249         | 185 |
|  | 2012   | 2294                | 270 | 268 | 277         | 185  | 224              | 270          | 280  | 295         | 225 |
| Finding information about which regulations apply to your business                           | 2014   | 59%                 | 68% | 59% | 64%         | 62%  | 54%              | 59%          | 47%  | 61%         | 55% |
|  | 2012   | 65%                 | 75% | 65% | 77%         | 68%  | 61%              | 59%          | 53%  | 59%         | 60% |
|  | Change | 6%                  | 7%  | 6%  | <b>13%↑</b> | 6%   | 7%               | 0%           | 6%   | 2%          | 5%  |
| Finding guidance and advice explaining what you have to do to comply with a given regulation | 2014   | 53%                 | 60% | 53% | 58%         | 56%  | 43%              | 52%          | 40%  | 60%         | 49% |
|  | 2012   | 61%                 | 67% | 62% | 70%         | 68%  | 51%              | 56%          | 49%  | 57%         | 60% |
|  | Change | 8%                  | 7%  | 9%  | 12%         | 12%  | 8%               | 4%           | 9%   | <b>-3%↓</b> | 11% |
| Having to keep up to date with the introduction of new regulations                           | 2014   | 63%                 | 65% | 68% | 72%         | 58%  | 55%              | 69%          | 50%  | 65%         | 57% |
|  | 2012   | 65%                 | 71% | 71% | 67%         | 64%  | 59%              | 58%          | 58%  | 67%         | 63% |
|  | Change | 2%                  | 6%  | 3%  | 5%          | 6%   | 4%               | <b>-11%↓</b> | 8%   | 2%          | 6%  |

Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203, 2012 n=2294,

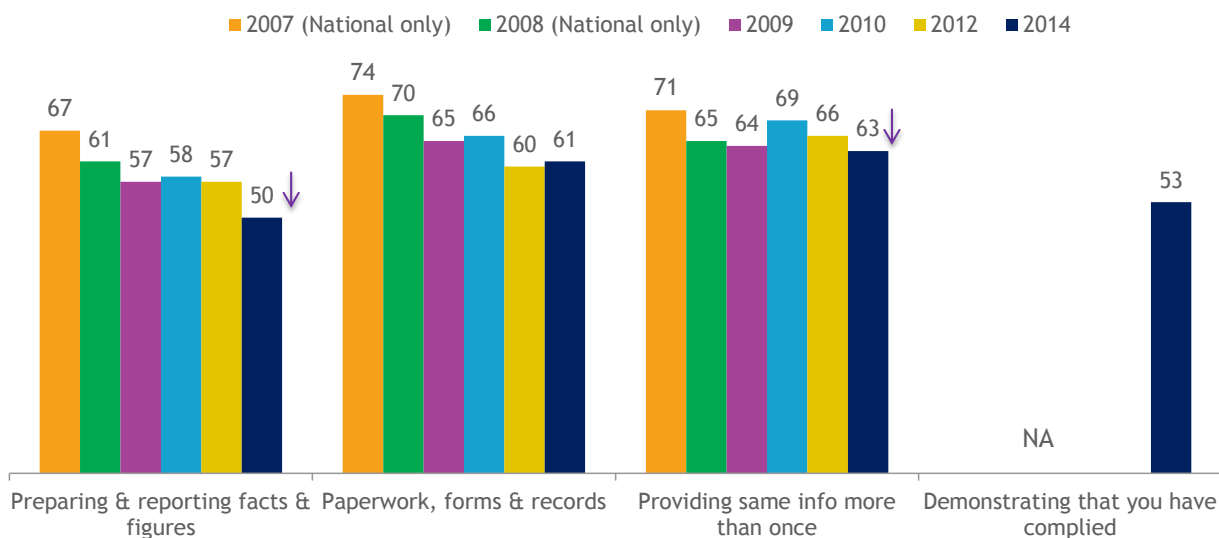
### 5.2.2. Supplying information

Figure 13 examines activities related to supplying information. Providing the same information more than once is the most burdensome in this respect, with 63% of businesses agreeing it is a burden (although lower than in 2012: 66%). 61% agree that completing paperwork is a burden (similar to 2012: 60%, but lower than 2007-2010 when proportions ranged between 65% and 74%).

Around half (50%) agree that preparing and reporting facts and figures is a burden (this is down from 57% in 2012 and continues a trend of downward movement on this negative measure since 2007) or that it is a burden demonstrating that you have complied (a new measure in 2014).

Those businesses who find the elements relating to supplying information a burden are more likely to use an external adviser / agent to help them. As an example, 61% feel that completing paperwork is a burden. However, when we look at those people who use an external adviser / agent this figure increases to 66%.

**Figure 13: Agreement (% agree) that activities are a burden when complying with regulation**



Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203 (2014) 2012 n=2294, 2010 n=2000, 2009 n =1000 (National only), 2008 n =1000 (National only), 2007 n =1000 (National only)

Table 17 shows that those answering about fire safety are significantly less likely to say any elements related to supplying information are burdensome. Completing paperwork is more burdensome for those answering about company, national health & safety or consumer protection laws.

National health & safety law is the area in which businesses are more likely to find it burdensome to be providing the same information more than once (72% agree this is a burden compared with 63% overall).

In terms of demonstrating that businesses have complied with regulations, this is seen as more burdensome within company or national health & safety laws (62% agree this is a burden compared with 53% overall).

**Table 17: Agreement (% agree) that activities are a burden when complying with regulation**

|   | LAW                 |          |     |          |      |     |                  |          |          |     |          |
|---|---------------------|----------|-----|----------|------|-----|------------------|----------|----------|-----|----------|
|   | NATIONALLY ENFORCED |          |     |          |      |     | LOCALLY ENFORCED |          |          |     |          |
|   | Total               | Com      | Emp | H&S      | Plan | Env | Food             | CP       | Fire     | H&S | Lic      |
| Base  | 2203                | 240      | 260 | 242      | 134  | 214 | 226              | 198      | 255      | 249 | 185      |
| Preparing and reporting facts and figures for Government              | 50%                 | 54%      | 49% | 51%      | 45%  | 53% | 50%              | 48%      | 43%<br>★ | 56% | 51%      |
| Completing paperwork, including filling out forms and keeping records | 61%                 | 69%<br>◆ | 58% | 67%<br>◆ | 63%  | 64% | 55%              | 71%<br>◆ | 45%<br>★ | 64% | 53%<br>★ |
| Having to provide the same information more than once                 | 63%                 | 66%      | 64% | 72%<br>◆ | 69%  | 62% | 58%              | 68%      | 45%<br>★ | 66% | 59%      |
| Demonstrating that you have complied with regulations                 | 53%                 | 62%<br>◆ | 55% | 62%<br>◆ | 59%  | 52% | 45%<br>★         | 50%      | 36%<br>★ | 56% | 52%      |

Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203

Table 18 shows how particular law types have changed in the last two years. The table only includes statements asked in both years and excludes environmental law (which was not included in 2012).

Fire safety law has seen a better than average improvement in agreeing that having to provide the same information more than once is a burden (13% fewer businesses answering about this law found this aspect a burden compared with 2012, compared with 3% fewer for all businesses).

Conversely, on the same aspect, consumer protection has declined over the same time period with 9% more businesses answering about this law finding this aspect a burden compared with 2012, compared with 3% fewer for all businesses.

**Table 18: Agreement (% agree) that activities are a burden when complying with regulation (2014 vs. 2012)**

|  |        | LAW                 |     |     |     |      |                  |          |          |     |     |
|--|--------|---------------------|-----|-----|-----|------|------------------|----------|----------|-----|-----|
|  |        | NATIONALLY ENFORCED |     |     |     |      | LOCALLY ENFORCED |          |          |     |     |
|  |        | Total               | Com | Emp | H&S | Plan | Food             | CP       | Fire     | H&S | Lic |
| Base   | 2014   | 2203                | 240 | 260 | 242 | 134  | 226              | 198      | 255      | 249 | 185 |
|  | 2012   | 2294                | 270 | 268 | 277 | 185  | 224              | 270      | 280      | 295 | 225 |
| Preparing and reporting facts and figures for Government | 2014   | 50%                 | 54% | 49% | 51% | 45%  |                  |          |          |     |     |
|  | 2012   | 57%                 | 59% | 52% | 62% | 50%  |                  |          |          |     |     |
|  | Change | 7%                  | 5%  | 3%  | 11% | 5%   |                  |          |          |     |     |
| Having to provide the same information more than once    | 2014   | 63%                 | 66% | 64% | 72% | 69%  | 58%              | 68%      | 45%      | 66% | 59% |
|  | 2012   | 66%                 | 69% | 65% | 71% | 64%  | 67%              | 59%      | 58%      | 75% | 66% |
|  | Change | 3%                  | 3%  | 1%  | -1% | -5%  | 9%               | -9%<br>★ | 13%<br>◆ | 9%  | 7%  |

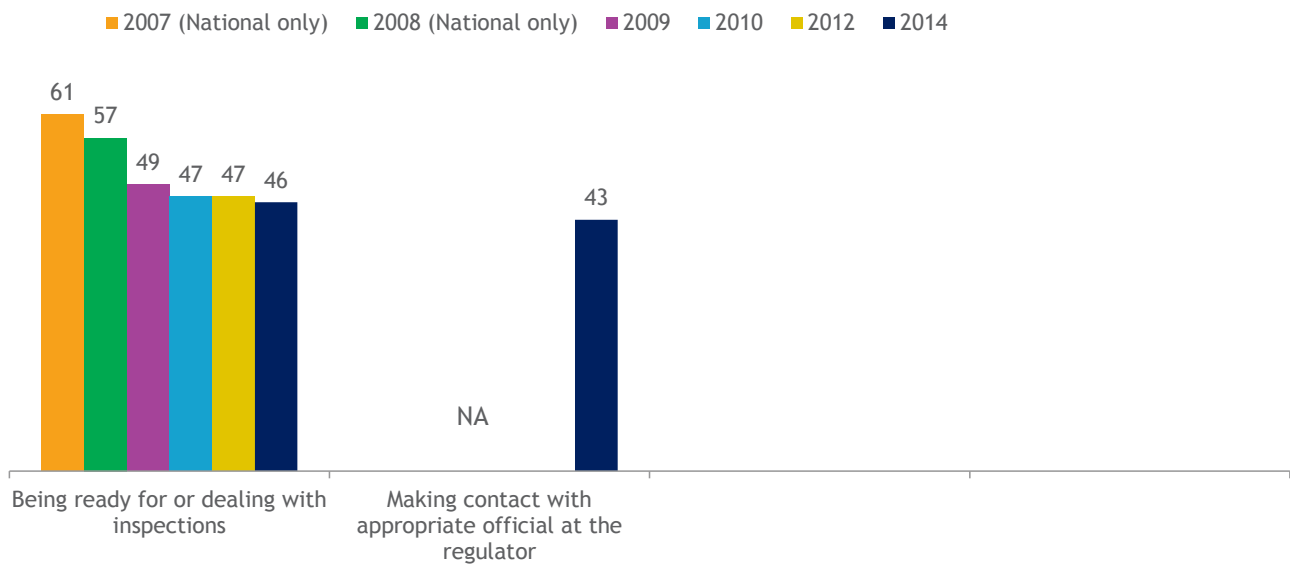
Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203, 2012 n=2294,

### 5.2.3. Contact with regulators

Figure 14 looks at contact with regulators. These elements have lower levels of agreement in terms of activities being burdensome to business. 46% agree that being ready for or dealing with inspectors is a burden (similar to scores in 2010 and 2012 but lower than scores between 2007 and 2009), and 43% agree that making contact with the appropriate official is a burden (a new measure in 2014).

Those businesses that find being ready for or dealing with inspections a burden are more likely to use an external adviser / agent to help them. 46% feel this aspect is a burden, rising to 51% of those businesses who use an external adviser / agent.

**Figure 14: Agreement (% agree) that activities are a burden when complying with regulation**



Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203 (2014) 2012 n=2294, 2010 n=2000, 2009 n =1000 (National only), 2008 n =1000 (National only), 2007 n =1000 (National only)



Table 19 again shows that those answering about fire safety are the least likely to find these activities burdensome. Environmental law is the area in which a higher proportion find it a burden making contact with the appropriate official; more than half (55%) agree this is a burden compared with 43% overall.

**Table 19: Agreement (% agree) that activities are a burden when complying with regulation**

|   | LAW                 |     |          |     |      |          |                  |     |          |     |     |
|---|---------------------|-----|----------|-----|------|----------|------------------|-----|----------|-----|-----|
|   | NATIONALLY ENFORCED |     |          |     |      |          | LOCALLY ENFORCED |     |          |     |     |
|   | Total               | Com | Emp      | H&S | Plan | Env      | Food             | CP  | Fire     | H&S | Lic |
| Base  | 2203                | 240 | 260      | 242 | 134  | 214      | 226              | 198 | 255      | 249 | 185 |
| Being ready for or dealing with inspections                   | 46%                 | 45% | 48%      | 49% | 49%  | 46%      | 46%              | 52% | 29%<br>★ | 48% | 47% |
| Making contact with the appropriate official at the regulator | 43%                 | 48% | 49%<br>◆ | 45% | 51%  | 55%<br>◆ | 30%<br>★         | 42% | 33%<br>★ | 38% | 45% |

Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203

Table 20 shows how particular law types have changed in the last two years for being ready to deal with inspection being seen as a burden (it excludes environmental law which was not included in 2012).

Fire safety law has seen a better than average improvement for this aspect (11% fewer businesses answering about this law found this aspect a burden compared with 2012, compared with 1% fewer for all businesses).

Conversely, on the same aspect, consumer protection and licencing have both declined over the same time period with 16% more businesses answering about consumer protection and 8% more businesses answering about licencing finding this aspect a burden compared with 2012.

**Table 20: Agreement (% agree) that activities are a burden when complying with regulation (2014 vs. 2012)**

|   |        | LAW                 |          |     |     |      |                  |       |      |     |          |
|---|--------|---------------------|----------|-----|-----|------|------------------|-------|------|-----|----------|
|   |        | NATIONALLY ENFORCED |          |     |     |      | LOCALLY ENFORCED |       |      |     |          |
|   |        | Total               | Com      | Emp | H&S | Plan | Food             | CP    | Fire | H&S | Lic      |
| Base  | 2014   | 2203                | 240      | 260 | 242 | 134  | 226              | 198   | 255  | 249 | 185      |
|   | 2012   | 2294                | 270      | 268 | 277 | 185  | 224              | 270   | 280  | 295 | 225      |
| Being ready for or dealing with inspections | 2014   | 46%                 | 45%      | 48% | 49% | 49%  | 46%              | 52%   | 29%  | 48% | 47%      |
|   | 2012   | 47%                 | 56%      | 53% | 50% | 49%  | 45%              | 36%   | 39%  | 46% | 39%      |
|   | Change | 1%                  | 11%<br>◆ | 5%  | 1%  | 0%   | -1%              | -16%★ | 10%  | -2% | -8%<br>★ |

Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203, 2012 n=2294,

## 6. Attitudes towards Government

### Key findings

- In 2014 there has been an improvement in attitudes among businesses towards the Government's approach to regulation. This includes aspects relating to clarity, ease, fairness and communication / consultation.
- In addition, issues relating to clarity, fairness and ease are perceived more favourably than those relating to communication and consultation.
- Of those operating in more than one nation, a third of businesses believe that understanding differences in regulation between UK nations is a burden.

### 6.1. Issues relating to clarity, fairness and ease

Businesses were asked to consider a number of issues about the Government's approach to regulating. Six statements relate to issues of clarity, fairness and ease, four of which have been tracked over the past few surveys.

As can be seen in Figure 15, there has been a significant improvement on all measures related to fairness, clarity and straightforwardness of regulation against 2012 and, to a lesser degree, against 2010.

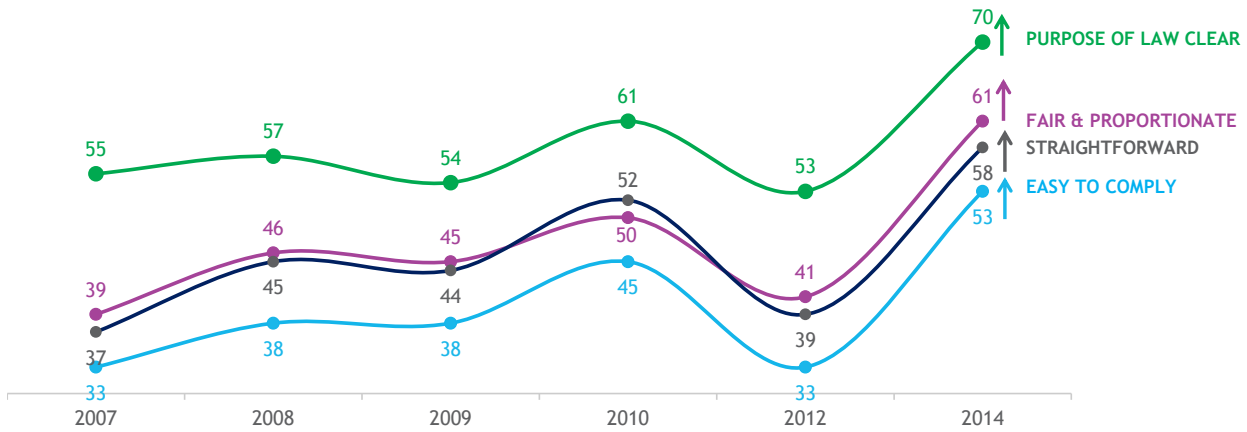
Seven in ten (70%) businesses agree that the purpose of regulation is generally clear (up from 53% in 2012; 61% in 2010).

Six in ten (61%) agree that most regulation is fair and proportionate (up from 41% in 2012; 50% in 2010). Additionally those answering about locally enforced laws were asked whether the 'way local councils enforce regulations is fair and proportionate'; 60% agree that it is.

More than half (58%) agree that it is straightforward to understanding what you are required to do to comply (up from 39% in 2012; 52% in 2010) or that it is easy to comply (53% up from 33% in 2012; 45% in 2010).

Fuller descriptions of the exact statements asked can be seen in Table 21.

Figure 15: % agree with statement



Source: B2 Do you agree or disagree with the following statements about the Government’s approach to regulating (LAW)? Base: Total Sample 2014 n=2203, 2012 n=2294, 2010 n=2000, 2009 n=1000 (NATIONAL only), 2008 n=1000 (NATIONAL only), 2007 n=1000 (NATIONAL only)

Two new statements were asked in 2014: ‘it is clear what would happen if found to be non-compliant with the regulations’ and ‘the balance between over-burdening businesses and protecting people/environment is better than a few years ago’. 71% of businesses agree that it is clear what would happen if they were non-compliant and 59% agree that the balance is better than it was.

Table 21 examines the differences between law types that businesses were answering about. Perceptions of the balance of burden being better is relatively consistent across law types, with only fire safety significantly more positive on this measure. Looking at the other measures, those answering about company, planning or environmental law are significantly less likely to have positive opinions about the clarity, fairness and ease of regulation across the board.

Those answering about company law have particularly polarised views here. They are almost as likely to disagree (41%) that it is ‘clear what the purpose of regulation is’, as they are to agree (45%). This is also the case in relation to it being ‘straightforward to understand what you are required to do to comply’, with 45% agreeing and 42% disagreeing that this is the case.

Food and fire safety show the most positive attitudes towards regulation in terms of these elements of regulation.

**Table 21: Agreement with statements related to clarity, fairness & ease**

| % agree   | LAW                 |          |     |     |          |          |                  |          |          |          |          |
|---|---------------------|----------|-----|-----|----------|----------|------------------|----------|----------|----------|----------|
|   | NATIONALLY ENFORCED |          |     |     |          |          | LOCALLY ENFORCED |          |          |          |          |
|   | Total               | Com      | Emp | H&S | Plan     | Env      | Food             | CP       | Fire     | H&S      | Lic      |
| Base  | 2203                | 240      | 260 | 242 | 134      | 214      | 226              | 198      | 255      | 249      | 185      |
| It is clear what would happen if I was found to be non-compliant with regulations   | 71%                 | 59%<br>★ | 70% | 74% | 53%<br>★ | 57%<br>★ | 80%<br>◆         | 72%      | 70%      | 80%<br>◆ | 90%<br>◆ |
| Generally it is clear what the purpose of regulation is   | 70%                 | 45%<br>★ | 72% | 73% | 47%<br>★ | 58%<br>★ | 85%<br>◆         | 78%<br>◆ | 84%<br>◆ | 69%      | 90%<br>◆ |
| Most regulation is fair and proportionate   | 61%                 | 52%<br>★ | 59% | 56% | 41%<br>★ | 54%<br>★ | 68%<br>◆         | 75%<br>◆ | 81%<br>◆ | 61%      | 60%      |
| The way local councils enforce regulations is fair and proportionate  | 60%                 |          |     |     |          |          | 64%              | 60%      | 64%      | 54%<br>★ | 59%      |
| The balance between not over-burdening businesses and protecting people and the environment from harm is better now than it was a few years ago | 59%                 | 55%      | 60% | 58% | 59%      | 59%      | 60%              | 54%      | 69%<br>◆ | 53%      | 62%      |
| It is straightforward to understand what you are required to do to comply with regulations  | 58%                 | 45%<br>★ | 61% | 61% | 33%<br>★ | 46%<br>★ | 83%<br>◆         | 59%      | 71%<br>◆ | 54%      | 68%<br>◆ |
| It is easy to comply with regulations   | 53%                 | 35%<br>★ | 54% | 50% | 29%<br>★ | 42%<br>★ | 68%<br>◆         | 54%      | 70%<br>◆ | 53%      | 68%      |

Source: B2 Do you agree or disagree with the following statements about the Government’s approach to regulating (LAW)?

Table 22 shows how particular law types have changed in the last two years in terms of their attitudes towards government related to clarity, fairness & ease. The table only includes statements asked in both years and excludes environmental law (which was not included in 2012).

Company law and planning law have seen worse than average changes over the last two years on most aspects. In particular, those answering about company law are less clear what the purpose of regulation is in 2014 than they were in 2012 (45% agreeing in 2014 vs. 58% in 2012).

Conversely, there have been better than average rises in perceptions among those answering about consumer protection law, fire safety law and licencing law in terms of their attitudes towards government related to clarity, fairness & ease.

**Table 22: Agreement with statements related to clarity, fairness & ease (2014 vs. 2012)**

| % agree  |        | LAW                 |              |     |             |             |                  |             |             |             |             |
|--|--------|---------------------|--------------|-----|-------------|-------------|------------------|-------------|-------------|-------------|-------------|
|  |        | NATIONALLY ENFORCED |              |     |             |             | LOCALLY ENFORCED |             |             |             |             |
|  |        | Total               | Com          | Emp | H&S         | Plan        | Food             | CP          | Fire        | H&S         | Lic         |
| Base   | 2014   | 2203                | 240          | 260 | 242         | 134         | 226              | 198         | 255         | 249         | 185         |
| Base   | 2012   | 2294                | 270          | 268 | 277         | 185         | 224              | 270         | 280         | 295         | 225         |
| Generally it is clear what the purpose of regulation is                                    | 2014   | 70%                 | 45%          | 72% | 73%         | 47%         | 85%              | 78%         | 84%         | 69%         | 90%         |
|  | 2012   | 53%                 | 58%          | 49% | 51%         | 48%         | 72%              | 51%         | 56%         | 53%         | 52%         |
|  | Change | 17%                 | <b>-13%↓</b> | 23% | 22%         | <b>-1%↓</b> | 13%              | <b>27%↑</b> | <b>28%↑</b> | 16%         | <b>38%↑</b> |
| Most regulation is fair and proportionate  | 2014   | 61%                 | 52%          | 59% | 56%         | 41%         | 68%              | 75%         | 81%         | 61%         | 60%         |
|  | 2012   | 41%                 | 43%          | 39% | 31%         | 42%         | 55%              | 40%         | 43%         | 46%         | 41%         |
|  | Change | 20%                 | <b>9%↓</b>   | 20% | 25%         | <b>-1%↓</b> | 13%              | <b>35%↑</b> | <b>38%↑</b> | 15%         | 19%         |
| The way local councils enforce regulations is fair and proportionate                       | 2014   | 60%                 |              |     |             |             | 64%              | 60%         | 64%         | 54%         | 59%         |
|  | 2012   | 36%                 |              |     |             |             | 49%              | 33%         | 40%         | 33%         | 35%         |
|  | Change | 24%                 |              |     |             |             | 15%              | 27%         | 24%         | 21%         | 25%         |
| It is straightforward to understand what you are required to do to comply with regulations | 2014   | 58%                 | 45%          | 61% | 61%         | 33%         | 83%              | 59%         | 71%         | 54%         | 68%         |
|  | 2012   | 39%                 | 38%          | 30% | 37%         | 34%         | 52%              | 41%         | 55%         | 33%         | 37%         |
|  | Change | 19%                 | <b>7%↓</b>   | 31% | 24%         | <b>-1%↓</b> | <b>31%↑</b>      | 18%         | 16%         | 21%         | <b>31%↑</b> |
| It is easy to comply with regulations  | 2014   | 53%                 | 35%          | 54% | 50%         | 29%         | 68%              | 54%         | 70%         | 53%         | 68%         |
|  | 2012   | 33%                 | 31%          | 32% | 22%         | 35%         | 38%              | 33%         | 51%         | 26%         | 38%         |
|  | Change | 20%                 | <b>4%↓</b>   | 22% | <b>28%↑</b> | <b>-6%↓</b> | <b>30%↑</b>      | 21%         | 19%         | <b>27%↑</b> | <b>30%↑</b> |

Source: B2 Do you agree or disagree with the following statements about the Government's approach to regulating (LAW)? Base: Total Sample 1+ employees n=2203, 2012 n=2294

## 6.2. Issues related to Government consultation/communication

Figure 16 examines response to statements about consultation and communication. There is significantly higher agreement about Government consultation, effective communication and understanding of businesses in 2014 than has been recorded in previous waves of research.

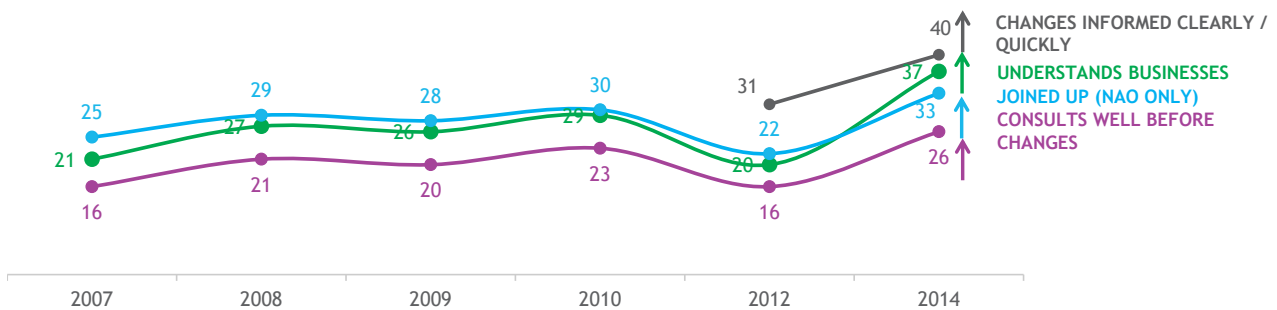
Figure 16 shows that two in five (40% up from 31% in 2012) agree that the Government informs businesses of regulatory changes clearly and with sufficient warning and a similar proportion (37% up from 20% in 2012; 29% in 2012) agree that the Government/Local Government understands business well enough to regulate.

A third (33%) of those answering about national laws agree that different parts of Government take a joined up approach to regulation (up from 22% in 2012; 30% in 2010).

More than a quarter (26%) believe that the Government consults well with business before any new regulation or change to an existing regulation is introduced (up from 16% in 2012; 23% in 2010).

Fuller descriptions of the exact statements asked can be seen in Table 23.

**Figure 16: % agree with statements about Government consultation/communication**



Source: B2 Do you agree or disagree with the following statements about the Government’s approach to regulating (LAW)? Base: Total Sample 2014 n=2203, 2012 n=2294, 2010 n=2000, 2009 n=1000 (NATIONAL only), 2008 n=1000 (NATIONAL only), 2007 n=1000 (NATIONAL only)

Table 23 examines the differences between law types that businesses were answering about. With the exception of quick and clear informing, those answering about company law are generally more negative than other businesses about issues related to communication and consultation. In particular they are unlikely to feel they have an appropriate channel to challenge the way the law is enforced (only 23% agree and 39% disagree). Those answering about company law are also notably more negative about Government understanding business well enough to regulate, with only 29% agreeing with this and 62% disagreeing.

Those answering about employment, food safety or licensing hold the most positive attitudes towards these elements of regulation.

**Table 23: Agreement with statements about Government consultation/communication**

| % agree   | LAW   |                     |          |          |          |          |                  |          |          |          |          |
|---|-------|---------------------|----------|----------|----------|----------|------------------|----------|----------|----------|----------|
|   | Total | NATIONALLY ENFORCED |          |          |          |          | LOCALLY ENFORCED |          |          |          |          |
|   |       | Com                 | Emp      | H&S      | Plan     | Env      | Food             | CP       | Fire     | H&S      | Lic      |
| Base  | 2203  | 240                 | 260      | 242      | 134      | 214      | 226              | 198      | 255      | 249      | 185      |
| There is an appropriate channel to challenge the way (law) is enforced  | 40%   | 23%<br>★            | 44%      | 41%      | 43%      | 40%      | 46%              | 44%      | 36%      | 38%      | 54%<br>◆ |
| Government informs businesses of regulatory changes clearly and with sufficient warning                                   | 40%   | 45%                 | 51%<br>◆ | 39%      | 32%<br>★ | 36%      | 50%<br>◆         | 35%      | 33%<br>★ | 36%      | 39%      |
| The Government / Local Government understands business well enough to regulate  | 37%   | 29%<br>★            | 43%<br>◆ | 29%<br>★ | 27%<br>★ | 30%<br>★ | 46%<br>◆         | 39%      | 46%<br>◆ | 28%<br>★ | 51%<br>◆ |
| Different parts of government take a joined up approach to regulation   | 33%   | 23%<br>★            | 40%<br>◆ | 32%      | 27%      | 41%<br>◆ |                  |          |          |          |          |
| The Government consults well with business before any new regulation, or change to an existing regulation, is introduced. | 26%   | 19%<br>★            | 24%      | 24%      | 22%      | 26%      | 36%<br>◆         | 20%<br>★ | 27%      | 29%      | 35%<br>◆ |

Source: B2 Do you agree or disagree with the following statements about the Government's approach to regulating (LAW)? Base: Total Sample 2014 n=2203

Table 24 shows how particular law types have changed in the last two years in terms of their attitudes towards government related to communication and consultation. The table only includes statements asked in both years and excludes environmental law (which was not included in 2012).

Company law and planning law in have seen worse than average changes over the last two years. In particular, planning law has seen weaker than average positive changes in perceptions from 2012 to 2014 on all four aspects. On the whole, this law type is performing as well as in 2012 on this aspect but the other laws have improved more in that time period.

Conversely, there have been better than average rises in perceptions among those answering about employment law in particular.

**Table 24: Agreement with statements about Government consultation/communication (2014 vs. 2012)**

| % agree   |        | LAW   |                     |                 |     |                 |                 |                  |      |                 |                 |
|---|--------|-------|---------------------|-----------------|-----|-----------------|-----------------|------------------|------|-----------------|-----------------|
|   |        | Total | NATIONALLY ENFORCED |                 |     |                 |                 | LOCALLY ENFORCED |      |                 |                 |
|   |        |       | Com                 | Emp             | H&S | Plan            | Food            | CP               | Fire | H&S             | Lic             |
| Base  | 2014   | 2203  | 240                 | 260             | 242 | 134             | 226             | 198              | 255  | 249             | 185             |
| Base  | 2012   | 2294  | 270                 | 268             | 277 | 185             | 224             | 270              | 280  | 295             | 225             |
| Government informs businesses of regulatory changes clearly and with sufficient warning                                   | 2014   | 40%   | 45%                 | 51%             | 39% | 32%             | 50%             | 35%              | 33%  | 36%             | 39%             |
|   | 2012   | 31%   | 35%                 | 31%             | 32% | 33%             | 40%             | 30%              | 27%  | 26%             | 37%             |
|   | Change | 9%    | 10%                 | <b>20%</b><br>↑ | 7%  | <b>-1%</b><br>↓ | 10%             | 5%               | 6%   | 10%             | <b>2%</b><br>↓  |
| The Government / Local Government understands business well enough to regulate  | 2014   | 37%   | 29%                 | 43%             | 29% | 27%             | 46%             | 39%              | 46%  | 28%             | 51%             |
|   | 2012   | 20%   | 25%                 | 17%             | 16% | 21%             | 22%             | 15%              | 28%  | 17%             | 21%             |
|   | Change | 17%   | <b>4%</b><br>↓      | <b>26%</b><br>↑ | 13% | <b>6%</b><br>↓  | <b>24%</b><br>↑ | <b>24%</b><br>↑  | 18%  | 11%             | <b>30%</b><br>↑ |
| Different parts of government take a joined up approach to regulation   | 2014   | 33%   | 23%                 | 40%             | 32% | 27%             |                 |                  |      |                 |                 |
|   | 2012   | 22%   | 19%                 | 15%             | 23% | 30%             |                 |                  |      |                 |                 |
|   | Change | 11%   | <b>4%</b><br>↓      | <b>25%</b><br>↑ | 9%  | <b>-3%</b><br>↓ |                 |                  |      |                 |                 |
| The Government consults well with business before any new regulation, or change to an existing regulation, is introduced. | 2014   | 26%   | 19%                 | 24%             | 24% | 22%             | 36%             | 20%              | 27%  | 29%             | 35%             |
|   | 2012   | 16%   | 15%                 | 14%             | 17% | 23%             | 24%             | 12%              | 16%  | 10%             | 21%             |
|   | Change | 10%   | 4%                  | 10%             | 7%  | <b>-1%</b><br>↓ | 12%             | 8%               | 11%  | <b>19%</b><br>↑ | 14%             |

Source: B2 Do you agree or disagree with the following statements about the Government's approach to regulating (LAW)? Base: Total Sample 2014 n=2203, 2012 n=2294

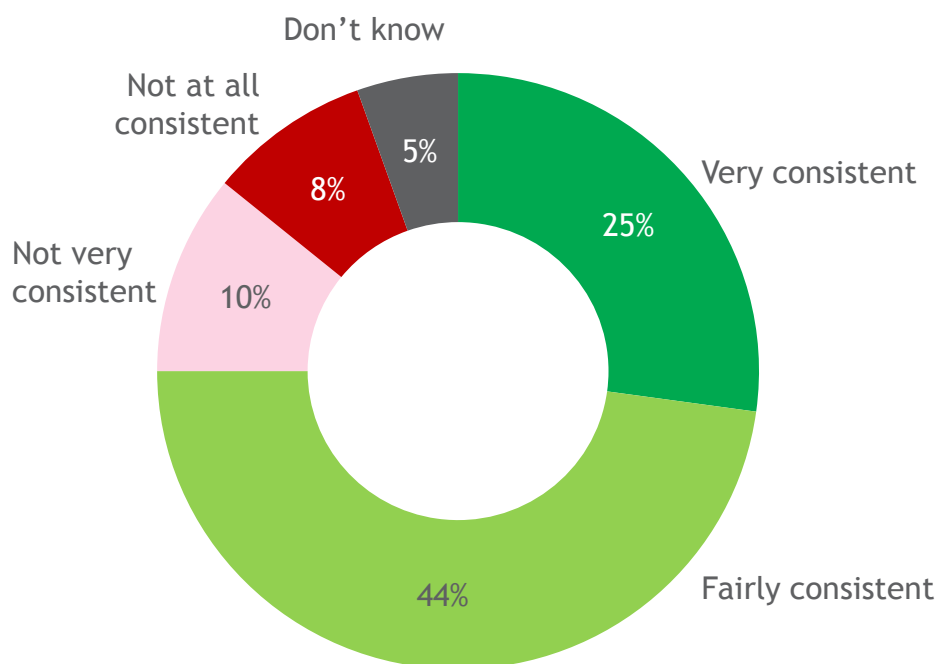


### 6.3. Consistency of advice and guidance from regulators

Businesses were asked how consistent was the advice and guidance that they received from regulators that they had contact with. Figure 17 shows that more than two-thirds (69%) feel this advice and guidance is consistent although only a quarter find it to be 'very consistent'.

Those who have used various sources of advice are more likely to see the advice as consistent. In particular, those who have used inspectors from the local council or regulator to help comply with the law are more likely to see the advice as consistent. 82% of those who used inspectors from the local council or regulator in this way say the advice is consistent (compared with 69% of all businesses).

**Figure 17: Consistency of advice and guidance from regulators**



Source: D3 How consistent is the advice and guidance that you receive in relation to (LAW) from the regulators you have contact with? Base: Total sample 1+ employee n=2203

As can be seen in Table 25, this level of consistency is lower amongst those answering about planning law (58%) or locally enforced health & safety law (62%), but higher for nationally enforced health & safety law (76%).

**Table 25: Advice and Guidance is consistent (by Law Type)**

| % agree    | LAW   |                     |     |          |          |     |                  |     |      |          |     |
|------------|-------|---------------------|-----|----------|----------|-----|------------------|-----|------|----------|-----|
|            | Total | NATIONALLY ENFORCED |     |          |          |     | LOCALLY ENFORCED |     |      |          |     |
|            |       | Com                 | Emp | H&S      | Plan     | Env | Food             | CP  | Fire | H&S      | Lic |
| Base       | 2203  | 240                 | 260 | 242      | 134      | 214 | 226              | 198 | 255  | 249      | 185 |
| Consistent | 69%   | 74%                 | 65% | 76%<br>◆ | 58%<br>★ | 71% | 74%              | 68% | 70%  | 62%<br>★ | 71% |

Source: D3 How consistent is the advice and guidance that you receive in relation to (LAW) from the regulators you have contact with? Base: Total sample 1+ employee n=2203

The very smallest of businesses (fewer than 5 employees) are significantly less likely to agree that advice and guidance is consistent (Table 26). 59% of 0 employee businesses and 63% of micro businesses with 1-4 employees feel advice and guidance is consistent compared with 82% of large businesses (250+) and more than three-quarters of businesses with 5-249 employees.

**Table 26: Advice and Guidance is consistent (by Company Size)**

|            | TOTAL | COMPANY SIZE     |                  |                    |                      |                   | 0 emp. |
|------------|-------|------------------|------------------|--------------------|----------------------|-------------------|--------|
|            |       | Micro (1-4 emp.) | Micro (5-9 emp.) | Small (10-49 emp.) | Medium (50-249 emp.) | Large (250+ emp.) |        |
| Base       | 2203  | 538              | 417              | 712                | 262                  | 274               | 297    |
| Consistent | 69%   | 63%★             | 78%◆             | 77%◆               | 78%◆                 | 82%◆              | 59%★   |

Source: D3 How consistent is the advice and guidance that you receive in relation to (LAW) from the regulators you have contact with? Base: Total sample 1+ employee n=2203, 0 employees n=297

## 6.4. Issues related to consistency across nations

Figure 18 shows that 39% of businesses operate in more than one UK nation. Of these, only 21% agree (and 34% disagree) that the differences between regulations in England, Scotland, Wales and Northern Ireland are clear.

More than a third (34%) of businesses operating in more than one UK nation think that understanding the differences between regulations in these countries is burdensome. 23% disagree that it is a burden.

**Figure 18: Agreement with statements about consistency across nations**

39% operate in more than one UK nation



Only 21% agree that the differences between regulations in England, Scotland, Wales and NI are clear

34% disagree

34% think understanding the differences between regulations in England, Scotland, Wales and NI is burdensome

23% disagree

Source: B2 Do you agree or disagree with the following statements about the Government's approach to regulating (LAW)? Base: Total sample 1+ employee n=2203.; all 1+ employee operating in more than one country n=1083

Table 27 examines these consistency issues by law type (among those operating in more than one nation). Those answering about consumer protection are most likely to feel that differences between nations are clear (30% vs. 21% overall) but equally they are most likely to agree that understanding these differences is burdensome (56% vs. 34% overall).

Those answering about national health & safety and environmental law are also more likely to find understanding the differences to be a burden. Laws where this is seen as least burdensome are licensing, fire safety and food safety.

**Table 27: Agreement with statements**

| % agree  | LAW   |                     |     |      |      |      |                  |      |      |      |     |
|--|-------|---------------------|-----|------|------|------|------------------|------|------|------|-----|
|  | Total | NATIONALLY ENFORCED |     |      |      |      | LOCALLY ENFORCED |      |      |      |     |
|  |       | Com                 | Emp | H&S  | Plan | Env  | Food             | CP   | Fire | H&S  | Lic |
| Base   | 1083  | 140                 | 141 | 114  | 57   | 107  | 72               | 117  | 153  | 131  | 51  |
| The differences between regulations in England, Scotland, Wales and Northern Ireland are clear                               | 21%   | 14%★                | 21% | 20%  | 26%  | 27%  | 26%              | 30%◆ | 27%  | 15%★ | 16% |
| Agree that understanding the differences between regulations in England and Scotland, Wales and Northern Ireland is a burden | 34%   | 38%                 | 29% | 50%◆ | 27%  | 55%◆ | 16%★             | 56%◆ | 17%★ | 27%★ | 7%★ |

Source: B2 Do you agree or disagree with the following statements about the Government’s approach to regulating (LAW)? C1 Do you agree or disagree that the following activities are a burden when complying with regulation?  
 Base: all 1+ employee operating in more than one country n=1083

## 7. External Support

### Key findings

- 91% of businesses use some form of external support when complying with the one specific law type that they were asked questions about. This support includes using websites (54%), seeking help from advisors/agents (51%), trade associations/business organisations (46%), friends/peers (43%) and inspectors (38%).
- Medium and large sized companies (50+ employees) are more likely to seek external support from websites and advisors. Micro and small companies (less than 50 employees) are more likely to seek external support from friends and peers.
- On average, businesses (who use external advisors/agents) spend £3,870 per year on complying with the one specific law type they were asked questions about. This increases to over £6,000 for those answering about company law and planning law.

### 7.1. Use of external support

Businesses were shown a list of external sources and asked if they used any of these to help the business in complying with regulation for a specific law type (Figure 19). The vast majority (91%) use at least one external source for that law type, the most prevalent being official government websites (54%) or external advisors/agents (51%).

46% make use of trade associations or business organisations and 43% talk to friends, family, other contacts or peers. Around two-fifths (38%) use inspectors from the local council or regulatory bodies to help their business in complying.

**Figure 19: Use to help the business comply with regulation**



Source: D2 Which, if any, of the following do you use to help the business in complying with (LAW)? Base: Total Sample 1+ employees n=2203

Table 28 looks at the use of external sources by law type. Those answering about company law are significantly more likely to make use of government websites (70%), external agents (63%) or friends/family (54%) than businesses overall. Those least likely to use any sources are those answering about planning law.

Use of government websites (54% overall) is also higher for those answering about employment law (62%), or locally enforced health & safety law (66%). Use of external agents (51%) is higher amongst those answering about consumer protection law (61%).

Food safety and licensing are more likely to gain business support from inspectors than those answering about other types of law (we know that those answering about these two law types are far more likely to have been inspected in the last year and so this seems logical).

Food safety and fire safety are significantly less likely than businesses overall to use government websites, external agents or trade/business associations. Those answering about food safety are just as likely to consult friends/family/peers but this is an unlikely source of advice for fire safety law.

**Table 28: Use to help the business comply with regulation**

| % agree                                      | LAW   |                     |          |          |          |          |                  |          |          |          |          |
|--|-------|---------------------|----------|----------|----------|----------|------------------|----------|----------|----------|----------|
|  | Total | NATIONALLY ENFORCED |          |          |          |          | LOCALLY ENFORCED |          |          |          |          |
|  |       | Com                 | Emp      | H&S      | Plan     | Env      | Food             | CP       | Fire     | H&S      | Lic      |
| Base   | 2203  | 240                 | 260      | 242      | 134      | 214      | 226              | 198      | 255      | 249      | 185      |
| Any (NET)                                    | 91%   | 96%<br>◆            | 94%<br>◆ | 92%      | 78%<br>★ | 86%      | 90%              | 95%<br>◆ | 84%<br>★ | 94%<br>◆ | 89%      |
| Any official government websites             | 54%   | 70%<br>◆            | 62%<br>◆ | 51%      | 45%<br>★ | 51%      | 42%<br>□         | 54%      | 35%<br>★ | 66%<br>◆ | 48%      |
| Any external advisors/agents                 | 51%   | 63%<br>◆            | 56%      | 49%      | 50%      | 43%<br>★ | 31%<br>★         | 61%<br>◆ | 42%<br>★ | 50%      | 50%      |
| Any trade associations/business associations | 46%   | 51%                 | 48%      | 46%      | 41%      | 42%      | 32%<br>★         | 68%<br>◆ | 31%<br>★ | 53%<br>◆ | 35%<br>★ |
| Friends/family/other contacts or peers       | 43%   | 54%<br>◆            | 48%      | 37%<br>★ | 37%      | 37%      | 40%              | 55%<br>◆ | 23%<br>★ | 47%      | 47%      |
| Inspectors from local council or regulators  | 38%   | 34%                 | 30%<br>★ | 41%      | 40%      | 44%      | 64%<br>◆         | 35%      | 38%      | 26%<br>★ | 51%<br>◆ |

Source: D2 Which, if any, of the following do you use to help the business in complying with (LAW)? Base: Total Sample 1+ employees n=2203

Looking at company size (Table 29), there are some clear correlations between the types of external sources used. 0 employee businesses are least likely to use any external sources and medium to large companies the most likely to use external sources; notably government websites and external agents.

The largest businesses (250+ employees) are more likely than the average business to take advice from inspectors (45% vs. 38% overall) and least likely to consult friends/family/peers (29% vs. 43% overall).

**Table 29: Use to help the business comply with regulation**

|  | TOTAL | COMPANY SIZE     |                  |                    |                      |                   | 0 emp. |
|--|-------|------------------|------------------|--------------------|----------------------|-------------------|--------|
|  |       | Micro (1-4 emp.) | Micro (5-9 emp.) | Small (10-49 emp.) | Medium (50-249 emp.) | Large (250+ emp.) |        |
| Base   | 2203  | 538              | 417              | 712                | 262                  | 274               | 297    |
| Any (NET)                                    | 91%   | 88%★             | 95%◆             | 94%◆               | 94%◆                 | 97%◆              | 73%★   |
| Any official government websites             | 54%   | 48%              | 62%              | 62%◆               | 74%◆                 | 77%◆              | 37%★   |
| Any external advisors/agents                 | 51%   | 44%              | 59%              | 62%◆               | 72%◆                 | 65%◆              | 32%★   |
| Any trade associations/business associations | 46%   | 43%              | 50%              | 50%◆               | 48%                  | 48%               | 34%★   |
| Friends/family/other contacts or peers       | 43%   | 45%              | 41%              | 40%                | 34%★                 | 29%★              | 37%★   |
| Inspectors from local council or regulators  | 38%   | 37%              | 40%              | 40%                | 38%                  | 45%◆              | 25%★   |

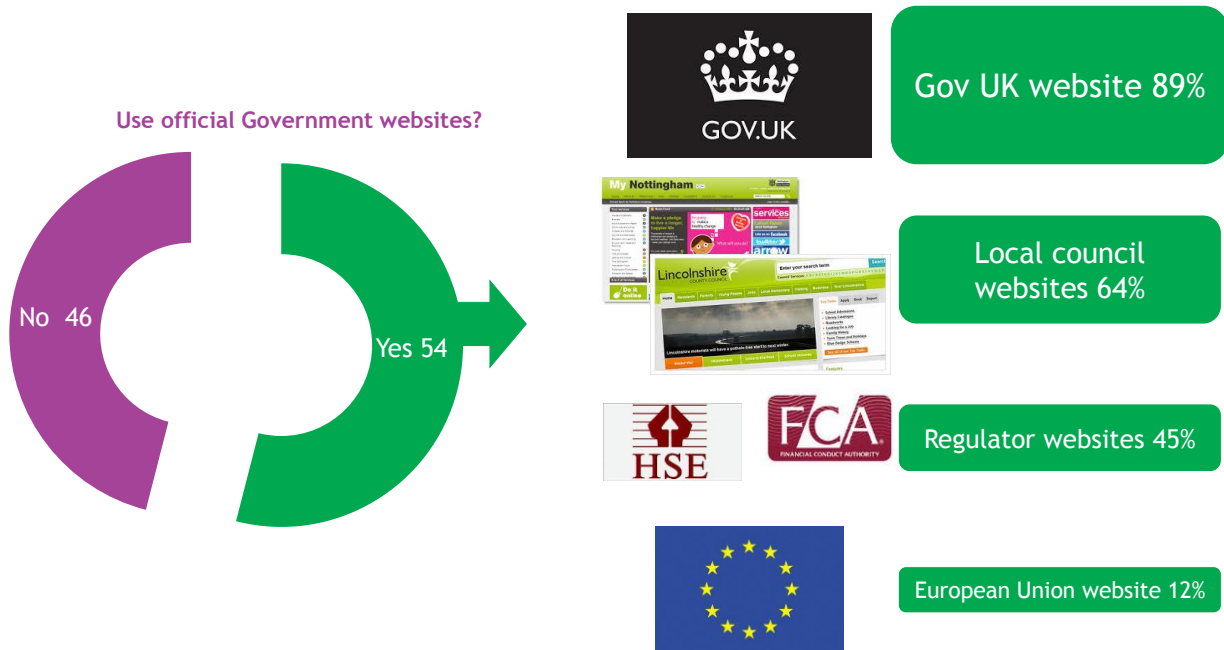
Source: D2 Which, if any, of the following do you use to help the business in complying with (LAW)? Base: Total Sample 1+ employees n=2203, 0 employee businesses n=297

## 7.2. Focus on official government websites

More than half (54%) of businesses say they use official government websites to help them in complying with regulation. These people were then asked which types of Central Government or European Union websites they used (Figure 20).

The vast majority (89%) of website users use Gov.uk. 14% use Gov.uk only i.e. they don't use any other government websites to help them in complying with regulation. 64% use local council websites and 45% use regulator websites. A much smaller proportion (12%) use European Union websites.

**Figure 20: Use of official government websites**



Source: D2 Which, if any, of the following do you use to help the business in complying with (LAW)? Base: Total sample 1+ employees (n=2203) D2a And which, if any, of the following Central Government or European Union websites do you use? Base: all using official government websites n=1365

Table 30 shows that those answering about company law are significantly less likely to use Gov.uk or local council websites, and more likely to use regulator websites (53% vs. 45% overall). Environmental law is more likely to rely upon local council or regulator websites. Those answering about employment law are most likely to be using Gov.uk (95% vs. 89% overall) and those in planning, licensing or environmental law are more likely to be using local council websites.

**Table 30: Use of official government websites (amongst those using any official websites)**

| % agree                 | LAW   |                     |      |      |      |      |                  |     |      |     |      |
|-------------------------|-------|---------------------|------|------|------|------|------------------|-----|------|-----|------|
|                         | Total | NATIONALLY ENFORCED |      |      |      |      | LOCALLY ENFORCED |     |      |     |      |
|                         |       | Com                 | Emp  | H&S  | Plan | Env  | Food             | CP  | Fire | H&S | Lic  |
| Base                    | 1365  | 185                 | 176  | 157  | 78   | 129  | 119              | 132 | 131  | 169 | 89   |
| Gov.uk                  | 89%   | 84%★                | 95%◆ | 91%  | 89%  | 87%  | 89%              | 88% | 89%  | 89% | 90%  |
| Local council websites  | 64%   | 49%★                | 55%★ | 65%  | 89%◆ | 76%◆ | 68%              | 67% | 59%  | 64% | 80%◆ |
| Regulator websites      | 45%   | 53%◆                | 40%  | 36%★ | 54%  | 61%◆ | 34%★             | 43% | 42%  | 43% | 47%  |
| European Union websites | 12%   | 12%                 | 9%   | 11%  | 16%  | 16%  | 13%              | 18% | 9%   | 12% | 9%   |

Source: D2a And which, if any, of the following Central Government or European Union websites do you use? Base: all using official government websites n=1365

Looking at company size (Table 31), medium and large businesses are significantly more likely to use regulator or European Union websites. The largest businesses (250+ employees) are less likely to rely upon local council websites. This may be due to the fact that medium and large companies are more likely to be operating outside the UK and less likely to be operating in just one local council borough.

**Table 31: Use of official government websites (amongst those using any official websites)**

|                         | TOTAL | COMPANY SIZE     |                  |                    |                      |                   | 0 emp. |
|-------------------------|-------|------------------|------------------|--------------------|----------------------|-------------------|--------|
|                         |       | Micro (1-4 emp.) | Micro (5-9 emp.) | Small (10-49 emp.) | Medium (50-249 emp.) | Large (250+ emp.) |        |
| Base                    | 1365  | 254              | 262              | 450                | 195                  | 204               | 111    |
| Gov.uk                  | 89%   | 88%              | 92%              | 90%                | 86%                  | 87%               | 83%    |
| Local council websites  | 64%   | 64%              | 63%              | 66%                | 59%                  | 54%★              | 68%    |
| Regulator websites      | 45%   | 44%              | 49%              | 41%★               | 57%◆                 | 67%◆              | 44%    |
| European Union websites | 12%   | 11%              | 12%              | 13%                | 20%◆                 | 30%◆              | 6%     |

Source: D2a And which, if any, of the following Central Government or European Union websites do you use? Base: all using official government websites n=1365

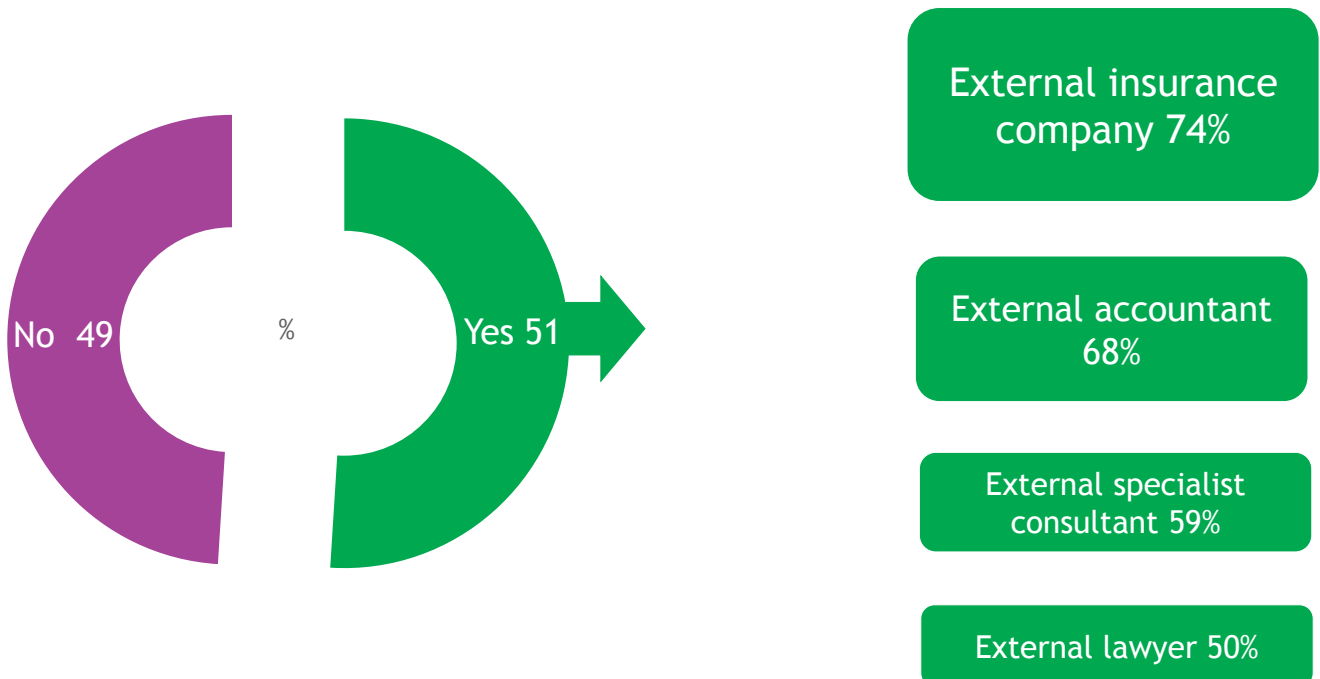


### 7.3. Focus on external agents

More than half (51%) of businesses say they use external business advisors or agents to help them in complying with regulation for one specific law type. They were asked which types of external business agents they used (Figure 20).

Figure 21 shows that insurance companies (74%) or accountants (68%) are the most prevalent types of external support used; 59% use specialist consultants; and 50% external lawyers.

**Figure 21: Use of external business agents**



Source: D2 Which, if any, of the following do you use to help the business in complying with (LAW)? Base: Total sample 1+ employees (n=2203) D2b And which, if any of the following external business agents do you use to help the business in complying with (LAW) regulation? Base: all using external advisors/agents n=1270

There appears to be a relationship with use of external agents and number of internal staff days spent on one specific regulation. Those businesses spending less than an average of four staff days per month on complying with one law type are more likely to use external advisers/agents (57%) than those who spend more than an average of five staff days per month (42%). This suggests many businesses use advisers / agents instead of using internal staff.

In addition, those who use agent/advisers find a range of compliance aspects more burdensome than those who don't use agent/advisers. These include factors around completing paperwork and factors linked to keeping up to date with changes.

Table 32 shows that those answering about company law are significantly more likely to be using external insurance companies, accountants or lawyers (but less likely to use specialist consultants).

Specialist consultants are most prevalent amongst those seeking advice about health & safety, planning or fire safety law.

Accountants are more prevalent in company, employment, consumer protection and licensing (and less so in health & safety, environmental, food or fire safety).

External lawyers are most likely to be consulted on matters of company or employment law and least likely on environmental or fire safety matters.

**Table 32: Use of external business agents (amongst those using)**

| % agree                        | LAW   |                     |          |          |          |          |                  |          |          |          |          |
|--------------------------------|-------|---------------------|----------|----------|----------|----------|------------------|----------|----------|----------|----------|
|                                | Total | NATIONALLY ENFORCED |          |          |          |          | LOCALLY ENFORCED |          |          |          |          |
|                                |       | Com                 | Emp      | H&S      | Plan     | Env      | Food             | CP       | Fire     | H&S      | Lic      |
| Base                           | 1270  | 177                 | 193      | 144      | 81       | 105      | 75               | 127      | 142      | 145      | 81       |
| External insurance company     | 74%   | 83%<br>◆            | 73%      | 73%      | 64%      | 76%      | 75%              | 76%      | 63%<br>★ | 69%      | 81%      |
| External accountant            | 68%   | 92%<br>◆            | 84%<br>◆ | 50%<br>★ | 65%      | 56%<br>★ | 54%<br>★         | 86%<br>◆ | 23%<br>★ | 61%<br>★ | 82%<br>◆ |
| External specialist consultant | 59%   | 51%<br>★            | 56%      | 75%<br>◆ | 70%<br>◆ | 67%      | 65%              | 36%<br>★ | 76%<br>◆ | 66%<br>◆ | 39%<br>★ |
| External lawyer                | 50%   | 67%<br>◆            | 59%<br>◆ | 44%      | 54%      | 41%<br>★ | 53%              | 58%      | 17%<br>★ | 45%      | 51%      |

Source: D2b And which, if any of the following external business agents do you use to help the business in complying with (LAW) regulation? Base: all using external advisors/agents n=1270

Looking at usage by company size (Table 33), with the exception of insurance companies (where no clear differences exist) there is a correlation between business size and the types of external support that businesses are using to help with regulatory compliance. 0 employee businesses (80%) are more likely to be using external accountants (compared with 68% overall and much lower among larger companies: 42%) but less likely to be using specialist consultants or lawyers.

Seven in ten medium or large companies (50+ employees) use external lawyers (compared with 50% overall) and eight in ten use specialist consultants (compared with 59% overall).

**Table 33: Use of external business agents (amongst those using)**

|                                | TOTAL | COMPANY SIZE     |                  |                    |                      |                   | 0 emp.   |
|--------------------------------|-------|------------------|------------------|--------------------|----------------------|-------------------|----------|
|                                |       | Micro (1-4 emp.) | Micro (5-9 emp.) | Small (10-49 emp.) | Medium (50-249 emp.) | Large (250+ emp.) |          |
| Base                           | 1270  | 226              | 244              | 428                | 193                  | 179               | 105      |
| External insurance company     | 74%   | 76%              | 69%              | 73%                | 74%                  | 71%               | 71%      |
| External accountant            | 68%   | 75%<br>◆         | 58%<br>★         | 64%<br>★           | 53%<br>★             | 42%<br>★          | 80%<br>◆ |
| External specialist consultant | 59%   | 50%<br>★         | 61%              | 75%<br>◆           | 81%<br>◆             | 80%<br>◆          | 41%<br>★ |
| External lawyer                | 50%   | 49%              | 43%              | 58%<br>◆           | 70%<br>◆             | 71%<br>◆          | 29%<br>★ |

Source: D2b And which, if any of the following external business agents do you use to help the business in complying with (LAW) regulation? Base: all using external advisors/agents 1+ employees n=1270, 0 employees n=105

Those using external agents were asked why their business used agents in helping to comply with regulations (Figure 22). For eight in ten (81%), external agents are seen to have more knowledge or specialism.

74% are seeking independent advice and 71% have a need for assurance. Just under seven in ten (69%) are worried about the penalties for non-compliance and the same proportion cite a lack of time or resource to deal with these issues internally.

Half (50%) use external agents because of a lack of clarity in the legal requirement for regulatory compliance, and two-fifths (40%) do so because of insufficient advice from regulators.

**Figure 22: Rationale for using external agents (amongst those using)**



Source: D2d Why does your business use an external agent to help with complying with (LAW) regulation? Base: all using external advisors/agents Total 1+ employees n=1270

Table 34 shows that those answering about environmental law are significantly more likely than average to cite all of these reasons behind their use of external agents; notably the need for specialist knowledge (94% compared with 81% overall).

Insufficient advice from regulators (40% overall) is most likely cited in the context of environmental (59%) or licensing (54%) laws. Lack of clarity around the legal requirement (50%) is most likely associated with environmental (66%), food safety (62%) or employment (59%) laws. Consumer protection and fire safety are less likely to be associated with either of these reasons.

Those answering about food safety are most likely to be worried about penalties for non-compliance (83% cite this as a reason for using external agents compared with 69% overall).

**Table 34: Rationale for using external agents (amongst those using)**

| % agree                                    | LAW   |                     |          |          |          |          |                  |          |          |          |          |
|--|-------|---------------------|----------|----------|----------|----------|------------------|----------|----------|----------|----------|
|  | Total | NATIONALLY ENFORCED |          |          |          |          | LOCALLY ENFORCED |          |          |          |          |
|  |       | Com                 | Emp      | H&S      | Plan     | Env      | Food             | CP       | Fire     | H&S      | Lic      |
| Base                                       | 1270  | 177                 | 193      | 144      | 81       | 105      | 75               | 127      | 142      | 145      | 81       |
| More knowledge/specialist                  | 81%   | 82%                 | 75%<br>★ | 89%<br>◆ | 88%      | 94%<br>◆ | 73%              | 75%      | 83%      | 76%      | 86%      |
| Want independent advice                    | 74%   | 71%                 | 78%      | 76%      | 86%<br>◆ | 90%<br>◆ | 86%<br>◆         | 68%      | 66%<br>★ | 67%<br>★ | 71%      |
| Need assurance                             | 71%   | 78%<br>◆            | 77%<br>◆ | 71%      | 69%      | 79%<br>◆ | 67%              | 67%      | 60%<br>★ | 71%      | 64%      |
| Worried about penalties for non-compliance | 69%   | 74%                 | 71%      | 72%      | 67%      | 77%<br>◆ | 83%<br>◆         | 65%      | 57%<br>★ | 61%<br>★ | 71%      |
| Not enough time/resource                   | 69%   | 75%<br>◆            | 69%      | 62%      | 71%      | 82%<br>◆ | 72%              | 66%      | 67%      | 63%      | 66%      |
| Lack clarity in legal requirement          | 50%   | 47%                 | 59%<br>◆ | 57%      | 53%      | 66%<br>◆ | 62%<br>◆         | 39%<br>★ | 35%<br>★ | 47%      | 52%      |
| Insufficient advice from regulators        | 40%   | 38%                 | 47%      | 44%      | 38%      | 59%<br>◆ | 34%              | 29%<br>★ | 31%<br>★ | 37%      | 54%<br>◆ |

Source: D2d Why does your business use an external agent to help with complying with (LAW) regulation? Base: all using external advisors/agents Total 1+ employees n=1270

Looking at company size (Table 35), 0 employee businesses are least likely to seek more/specialist knowledge (possibly due to a lack of perceived need) and small to medium companies more so (possibly due to fewer internal specialists when compared with large businesses).

Independent advice, need for assurance or lack of clarity around legal requirements are most likely cited as reasons for using external agents by businesses with more than 10 employees.

Large companies (250+ employees) are least likely to cite concerns over non-compliance leading to penalties (55% compared with 69% overall).

**Table 35: Rationale for using external agents (amongst those using)**

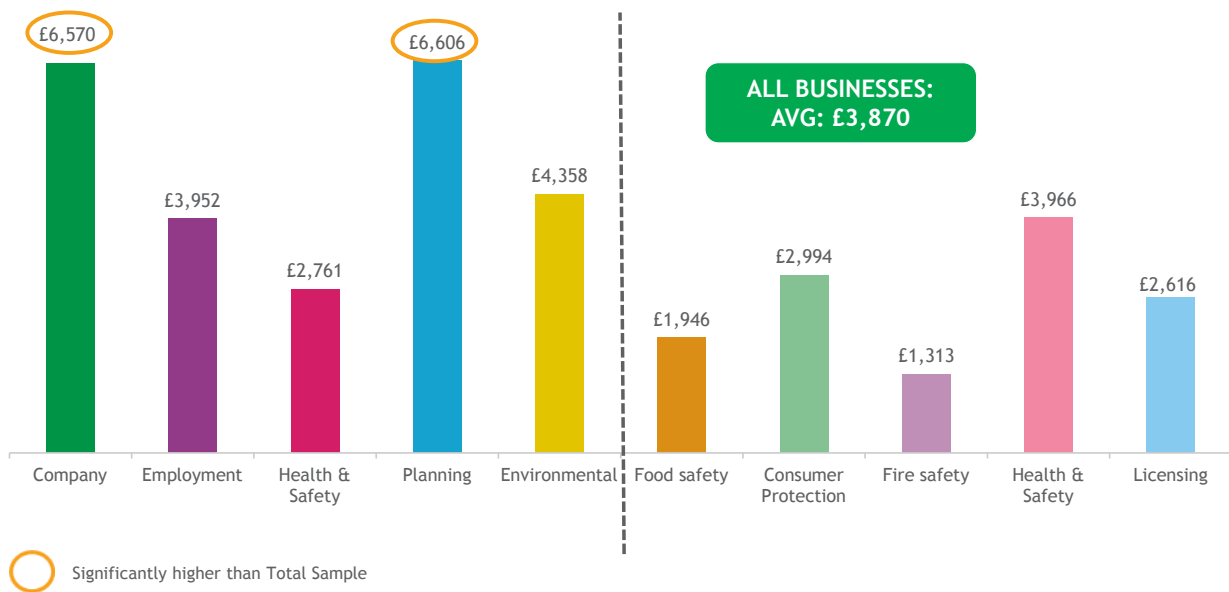
|  | COMPANY SIZE |                  |                  |                    |                      |                   | 0 emp. |
|--|--------------|------------------|------------------|--------------------|----------------------|-------------------|--------|
|  | TOTAL        | Micro (1-4 emp.) | Micro (5-9 emp.) | Small (10-49 emp.) | Medium (50-249 emp.) | Large (250+ emp.) |        |
| Base                                       | 1270         | 226              | 244              | 428                | 193                  | 179               | 105    |
| More knowledge/specialist                  | 81%          | 77%★             | 86%◆             | 87%◆               | 90%◆                 | 78%               | 73%★   |
| Want independent advice                    | 74%          | 73%              | 70%              | 79%◆               | 83%◆                 | 88%◆              | 81%    |
| Need assurance                             | 71%          | 71%              | 65%★             | 76%◆               | 81%◆                 | 78%◆              | 76%    |
| Worried about penalties for non-compliance | 69%          | 70%              | 65%              | 70%                | 72%                  | 55%★              | 69%    |
| Not enough time/resource                   | 69%          | 71%              | 63%★             | 71%                | 71%                  | 65%               | 66%    |
| Lack clarity in legal requirement          | 50%          | 47%★             | 51%              | 57%◆               | 58%◆                 | 58%◆              | 48%    |
| Insufficient advice from regulators        | 40%          | 41%              | 39%              | 38%                | 47%                  | 44%               | 37%    |

Source: D2d Why does your business use an external agent to help with complying with (LAW) regulation? Base: all using external advisors/agents Total 1+ employees n=1270, 0 employees n=105

Those using external agents were asked approximately how much per year they spend using external business agents for that specific law type. The average (mean) annual spend is £3,870 per law type.

Figure 23 shows that those answering on behalf of national laws spend more on external agents than those answering about locally enforced laws; notably those answering about planning or company law where the mean annual spend is in excess of £6000 (compared with £3,870 on average).

**Figure 23: Mean annual spend on external agents (amongst all using)**



Source: D2c And approximately how much per year do you spend using external business agents to help with complying with (LAW) regulations? Base: all using external advisors/agents Total 1+ employees n=1270

## 8. Case studies

In this section we look specifically at six key sub-groups from the research:

### 8.1. Manufacturing sector

#### Profile

Businesses from the manufacturing sector were similar in profile to other businesses surveyed. On average, they were a similar size and had been trading for a similar length of time, although they were more likely to be providing products and services in different UK nations. They have experienced similar levels of growth over the last 12 months and had similar growth aims for the coming year. They were, however, more likely to be anticipating an increase in exports in the next year as well as being more likely than other sectors to expect to start working in new business markets.

#### Main findings

Manufacturing businesses are generally on a par with all businesses when it comes to their attitudes towards regulation. 14% of manufacturing businesses see complying with regulation as their greatest challenge, while just under a half (49%) agree that the overall level of regulation is an obstacle to their business. 37% expect the regulatory burden to increase in the next year. Not only are there no significant differences when compared with all businesses, but there have also been no significant changes since 2012 on these key aspects among manufacturing businesses.

Similarly, when looking at more specific aspects of business regulation, the manufacturing sector is similarly placed to all businesses in terms of viewing regulation as being “helpful” (ensuring a level playing field, ensuring regulatory management systems are in place and ensuring compliance).

Manufacturing businesses have a similar rank order of factors that encourage regulatory compliance i.e. the key factors encouraging compliance (like all businesses) are to maintain their reputation with customers, meet insurance requirements and because it’s simply the right thing to do. However, manufacturing businesses place greater emphasis on meeting supply chain requirements (56% say this is an important factor in encouraging compliance compared with 47% of all businesses) but place less emphasis on protecting staff, customers and the environment (61% vs. 71%), saving my business money (58% vs. 66%) and giving my business a competitive advantage (51% vs. 61%).

## 8.2. Environmental law

### Profile

Businesses answering about environmental law were similar in profile to other businesses surveyed. On average, they were a similar size and had been trading for a similar length of time. They reported similar levels of growth over the last 12 months and had similar growth aims for the coming year. They were, however, more likely to be working in the manufacturing, agriculture and retail/distribution sectors and less likely to be working in the property/management/business services sector.

### Main findings

Businesses answering about environmental law were more likely to report that they found complying with regulations burdensome, compared to the average across all law types. On average, complying with environmental law accounted for a reported 6.7 staff days per month compared with 5.7 staff days across all law types. 65% of respondents answering about environmental law agreed that the length of time spent on environmental law was a burden, compared with 55% on average across all law types. Environmental law is perceived to be one of the more burdensome law types although there are many other law types that actually account for more staff days per month but are not perceived to be so burdensome.

Those businesses answering about environmental law were generally on a par with other law types in terms of the perceived burden when finding out information and keeping up to date with new regulations, although they reported finding it more difficult keeping up to date with the relaxations and removals of regulatory requirements (57% found this aspect a burden vs. 51% overall). They also found it more of a burden making contact with the appropriate official at the regulator.

In terms of their attitudes towards government, businesses answering about environmental law were more likely to think government takes a joined up approach to regulation (environmental law is the best performing nationally enforced law for this aspect). However, they were more negative than average about issues around clarity, ease and fairness of regulation and for government understanding businesses well enough to regulate. In particular, those businesses answering about environmental law reported finding it much harder understanding regulatory differences across the UK nations. 55% of respondents agreed this aspect was a burden compared with 34% for all law types.



### 8.3. Food safety law

#### Profile

Businesses answering about food safety law were quite different in profile to other businesses surveyed. On average, they were a similar size and had been trading for a similar length of time but (not surprisingly) were far more likely to come from the hotel/catering, retail and agricultural sectors. They were less likely to have experienced growth in the last year and more likely to have seen staff headcount fall. Their expectations for the next 12 months are less positive too. Less than half (49%) expect to grow compared to 68% of all businesses. They are far more likely to have been inspected in the last year, deal with one regulator only and sell products and services in one UK nation only.

#### Main findings

Businesses answering about food safety law are less likely to report that they found complying with regulations burdensome, compared to the average across all law types. However, on average, complying with food safety law accounted for a reported 14.2 staff days per month compared with 5.7 staff days across all law types and 56% agreed it involved high effort (compared with 32% of all businesses). Even so, only 41% of respondents answering about food safety law agreed that the length of time spent on that law was a burden, compared with 55% on average across all law types. This is an improvement of 15% on 2012 when 56% of those answering about food safety law agreed that the length of time spent on that law was a burden. Those businesses answering about food safety law were more positive than other law types in terms of the perceived burden when finding out information and keeping up to date with new regulations and changes to regulation. They were also more positive than other law types for the perceived burden of demonstrating that they have complied with regulations and making contact with the appropriate official at the regulator.

In terms of their attitudes towards government, businesses answering about food safety law were, again, more positive. They are more likely than average to think it is clear what the purpose of regulation is, it is clear what would happen if non-compliant, that most regulation is fair and proportionate and that compliance is straightforward and it is easy to understand what needs to be done to be compliant. They also rate government more highly than average for understanding businesses and for consulting with businesses.

Those businesses answering about food safety law were much more likely than other law types to use Inspectors from the local council/regulators to help with compliance (64% of food safety businesses use this source compared with an average of 38% for all law types). Conversely, they are less likely to use government websites, external advisers/agents or trade/business associations.

## 8.4. High growth businesses

### Profile

High growth businesses are defined as companies who are aiming to grow quickly and aggressively over the next year and account for 5% of businesses in the survey. They differ from other businesses in that they tend to be slightly younger, more likely to be small or medium in size rather than micro and more likely to have seen growth in the last year. However, they do not differ from other businesses in terms of industry sector.

### Main findings

High growth businesses have different views in terms of the challenges they face in the next year. Compliance with regulation is slightly less likely to be identified as a main challenge for this group than average (although not significantly so: 6% versus 11% overall), while they are also less likely to cite tax levels and staff redundancies as main challenges. Instead, they are more likely than average to mention access to finance and staff recruitment/retention as challenges which seems logical if they are looking to grow quickly. Although they are less likely to cite regulatory compliance as a key challenge, those aiming for quick and aggressive growth are more likely to find the overall level of regulation an obstacle to success (61% versus 51% overall) or to expect the burden to increase in the next 12 months (56% versus 43%). So compliance is a key issue for this group although relative to other factors it plays a less important role compared to other businesses.

When looking at more specific aspects of business regulation, high growth businesses tend to be less positive than other businesses (although not significantly so) in terms of viewing regulation as being “helpful” for ensuring regulatory management systems are in place and for ensuring compliance.

Although high growth businesses differ in terms of their attitudes towards regulation, they have a similar view to other businesses on the importance of different factors that encourage regulatory compliance i.e. maintaining their reputation with customers is the most important factor for encouraging compliance. They also share the same view as other businesses in terms of their attitudes towards government.

High growth businesses are more likely than other groups to find specific aspects a burden including the time it takes to comply, finding information about which regulations apply to their business, finding guidance and advice explaining what they have to do to comply, having to provide information more than once and being ready for/dealing with inspections.

## 8.5. Small businesses

### Profile

Small businesses are defined as companies with 10-49 employees. They differ from other businesses in that they tend to be slightly older (53% are over 20 years old vs. 42% for all businesses) but the sector profile is the same as for all businesses. They are more active in terms of experiencing regulation: They are more likely to offer products and services in more than one UK nation, more likely to deal with more than one regulator and more likely to have been inspected recently. They are also more likely to have seen growth in the last year and expect growth in the next year.

### Main findings

Small businesses have different views in terms of the challenges they face in the next year. Compliance with regulation is more likely to be identified as a main challenge for this group than average (16% versus 11% overall). They are also more likely to see staff recruitment and retention as a challenge than average but less likely to view level of tax and attracting/retain customers as main challenges (although the latter is still the main challenge for small businesses).

Although they are more likely to cite regulatory compliance as a key challenge, small companies are no more likely than other companies to find the overall level of regulation an obstacle to success (49%) or to expect the burden to increase in the next 12 months (42%).

When looking at more specific aspects of business regulation, small businesses share the same views as other sized businesses in terms of viewing regulation as being “helpful” for ensuring regulatory management systems are in place and for ensuring compliance.

Small businesses also share similar views to other businesses in terms of the importance of different factors that encourage regulatory compliance, although there are some differences. Small businesses place greater emphasis than other businesses on meeting insurance requirements but place less importance on compliance saving their business money.

Small businesses are more likely to report that they put in high levels of effort into complying with law and use a higher average number of staff days per month for complying with one specific regulation type (7.0 days vs. 5.7 days for all businesses). Even so they are not significantly more likely than other business sizes to agree that the length of time spent on a specific law is a burden (60% vs. 55% for all businesses).

Small businesses are more likely to use a number of sources to help with compliance for one specific law type. 62% use government websites (compared with 54% of all businesses) while 62% use external advisers/agents (compared with 51% of all businesses).

## 8.6. 0 Employee Businesses

### Profile

0 employee businesses are defined as one man band companies with no employees. They are very similar in profile to other businesses (with 1+ employees) in that they tend to have been in existence for a similar amount of time. They are, however, less active in terms of experiencing regulation: They are less likely to offer products and services in more than one UK nation, less likely to deal with more than one regulator and less likely to have been inspected recently. They are also less likely to have seen growth in the last year or to expect growth in the next year.

### Main findings

0 employee businesses have similar views in terms of the challenges they face in the next year although, not surprisingly, are less likely to mention challenges relating to staff (staff retention and recruitment, staff redundancies). Compliance with regulation is no more or less likely to be identified as a main challenge for this group than average (10% versus 11% overall).

Although they are no more likely to cite regulatory compliance as a key challenge, 0 employee businesses are less likely than other companies to find the overall level of regulation an obstacle to success (38% vs. 51% for all businesses). 40% expect the regulatory burden to increase in the next 12 months (not significantly different to the 43% for all businesses).

When looking at more specific aspects of business regulation, 0 employee businesses tend to be more negative than other businesses in terms of viewing regulation as being “helpful” for ensuring regulatory management systems are in place and for ensuring compliance. They are also less positive about aspects relating to regulators providing clarity and for regulators helping them to address regulatory risks / avoid non-compliance.

0 employee businesses share similar views to other businesses in terms of the importance of different factors that encourage regulatory compliance, although there are some differences. 0 employee businesses place greater emphasis than other businesses on it ‘simply being the right thing to do’ but place less importance on compliance giving their business a competitive advantage.

0 employee businesses were less likely to report that they put in high levels of effort into complying with law and use a fewer average number of staff days per month for complying with one specific regulation type (3.7 days vs. 5.7 days for all businesses). They are also less likely than other business to agree that the length of time spent on a specific law is a burden.

0 employee businesses are much less likely to use a number of sources to help with compliance for one specific law type. 37% use government websites (compared with 54% of all businesses) while 32% use external advisers/agents (compared with 51% of all businesses).



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