

REDUCING REGULATION MADE SIMPLE

Less regulation, better regulation and regulation as a last resort

DECEMBER 2010



Better Regulation Executive
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MAKING LIFE AS
SIMPLE
AS POSSIBLE

Reducing regulation is a key priority for the Coalition Government. Red tape has become a huge problem and we are determined to get to grips with it - to encourage sustainable economic growth and increase personal freedom and fairness.

Minimising the burden of form-filling and paperwork could potentially release a very large amount of productive time for business, voluntary and civil society organisations, and individuals. By increasing our efforts to find alternatives to regulation, we can find better ways to share public risk with business and citizens as part of building the Big Society.

The Coalition Agreement highlighted a number of areas where we will be taking specific action to reduce regulation. This challenging programme of reform is already underway and confirms a radically different approach to the way that regulation has been managed in the past.

This publication sets out how we are implementing the Coalition Agreement commitments and how, over the course of this Parliament, we will reduce the quantity and improve the quality of domestic regulation and regulation that comes from the European Union.

It is designed to help policy-makers, including lawyers and economists, understand and respond not only to the challenges, but also to the opportunities our new approach will bring. It should enable all of us in government to have a clearer focus on developing and implementing policies that really work.

A summary has also been sent to all ministers, so they can rigorously challenge each and every regulatory proposal they are asked to consider.

It is important that policy-makers read this guide and make full use of the support and information on offer. By doing so, we can all help ensure that unnecessary and over-costly regulation becomes a thing of the past.



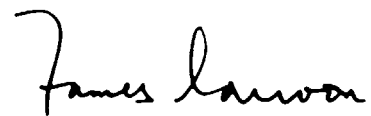
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Section 1: Strategic Context

This section explains the role reducing regulation has to play in supporting the Government's overarching objective of achieving sustainable economic growth.

1. Reducing regulation matters. Through eliminating the avoidable burdens of regulation and bureaucracy, the Government aims to promote growth, innovation and social action.
2. Freeing businesses and civil society groups from unnecessarily burdensome regulation, and simplifying the complex regulatory system, can free up the capacity they have to innovate, diversify and grow. Striking the right balance - 'a level of regulation that promotes competition and stability without impinging on businesses' ability to operate'¹ - is therefore a core element of the Government's strategy for supporting economic growth.
3. Striking the right balance in the regulatory system also matters for personal freedom and fairness. Regulation affects the choices available to every citizen. It can affect the way citizens behave and the part they play in building a responsible society. By freeing society from unnecessary laws, the Government aims to create a better balance of responsibilities between the state, business, civil society and individuals, and to encourage people to take greater personal responsibility for their actions.
4. In some cases, regulation will be the most effective way of achieving policy outcomes and it will be necessary to implement our European obligations. But the number of cases where it is accepted that government has to use 'command and control' regulation will be much reduced. And where regulation is needed, the design and enforcement framework of that regulation is now subject to greater scrutiny than ever before.
5. **To eliminate the avoidable burdens of regulation and bureaucracy, the Government will:**
 - Remove existing regulation that unnecessarily impedes growth;
 - Introduce new regulation only as a last resort;
 - Reduce the overall volume of new regulation;
 - Improve the quality of the design of new regulation;
 - Reduce the regulatory cost to business and civil society groups;
 - Move to a risk-based enforcement regime where inspections are minimised.
6. **To improve European regulation and to reduce the burdens it imposes, the Government will:**
 - Work with European partners to encourage smarter regulation by applying more rigorous use of evidence in the EU;
 - Ensure UK policy-makers are involved in the development of European directives at the earliest stage;
 - Avoid gold-plating to ensure that EU directives are not transposed in such a way that they disadvantage UK businesses relative to their EU competitors.

¹ From *A Strategy for Sustainable Growth*, published by BIS 2010, available at interactive.bis.gov.uk/comment/growth/files/2010/07/8782-BIS-Sustainable-Growth_WEB.pdf. The supporting economic annex is available at interactive.bis.gov.uk/comment/growth/files/2010/07/8783-BIS-Sustainable-Growth_WEB.pdf

Section 2: A New Approach to Regulation in Government

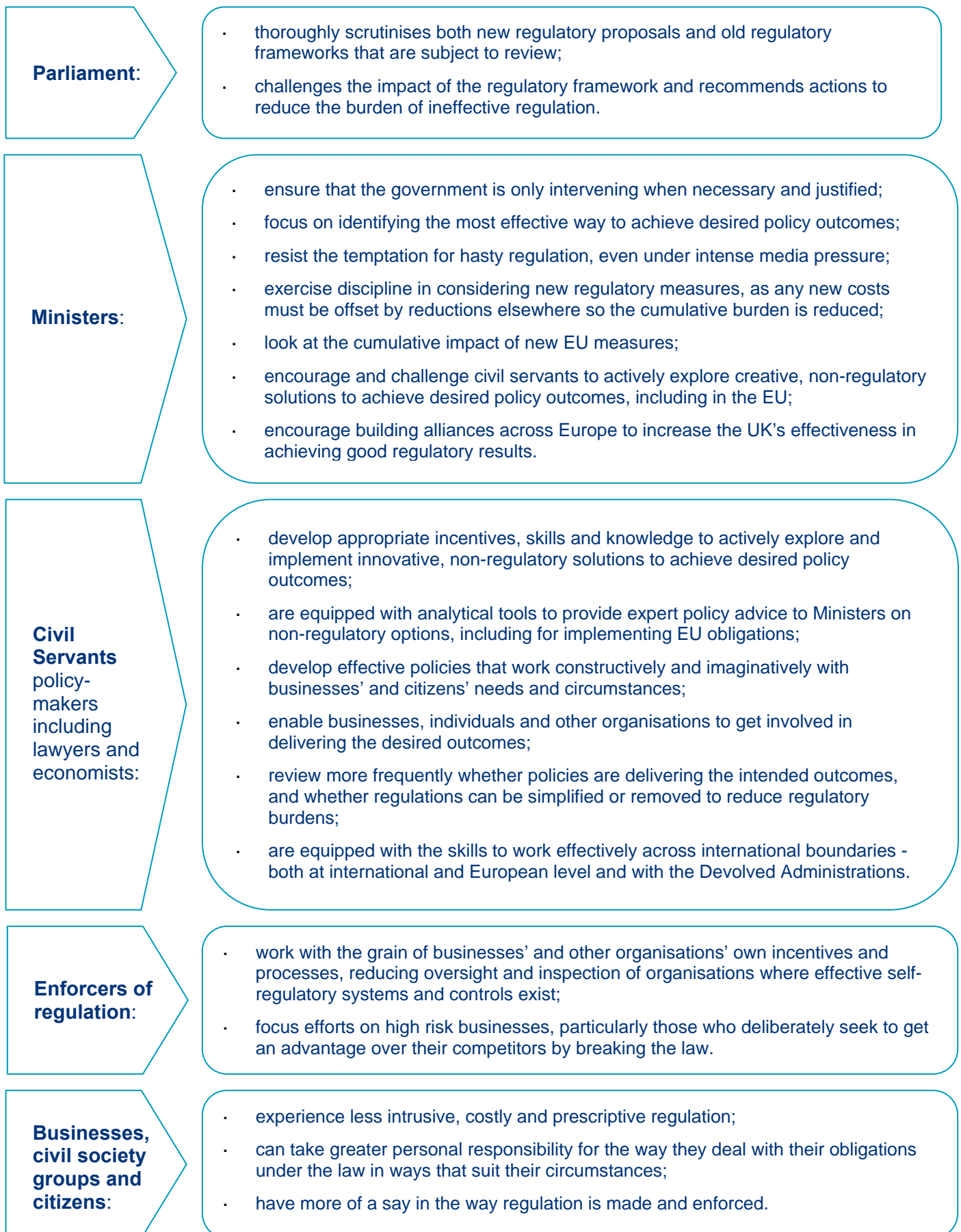
This section sets out the key elements of the new approach and a vision for how government will operate.

*“**Regulation:** a rule or guidance with which failure to comply would result in the regulated entity or person coming into conflict with the law or being ineligible for continued funding, grants and other applied for schemes. ²”.*

7. Recent years have seen important developments aimed at improving the quality of regulation. Governments across the world have developed a variety of approaches to help simplify regulatory systems, bring greater discipline and more rigorous analysis to the design of regulation, and to reduce the burden on those affected by regulation. For example, the introduction of common commencement dates and best practice on consultation periods in the UK have been important positive developments, welcomed by small businesses.
8. But in order to achieve the Government’s aim of transforming the role that regulation plays in our society, and to enable stronger economic growth, a new approach is needed.
9. There are four elements to the new approach:
 - A different approach to thinking about regulation, including European legislation;
 - A new decision-making structure to bring greater discipline and transparency to the way in which decisions on regulatory issues are taken;
 - Opening existing regulation up to tougher, more meaningful, scrutiny;
 - Streamlining and improving the way regulation is enforced, departing from 'tick-box' systems of inspection and audit.
10. The success of this approach will depend on the way in which all participants in the system interact and will involve change in the way ministers, policy-makers, economists and lawyers within central government work together.
11. To help guide the policy-making process, the Coalition has agreed a set of overarching [general and operating principles of regulation](#), including separate [guiding principles for EU legislation](#). These two sets of complementary principles make clear the tests that any new regulatory proposal will be required to pass. They should be considered right at the start of the policy development process and inform the process at every stage.
12. Together, these principles reinforce the Coalition Government’s policy on regulation and will guide policy development across Whitehall.

² 'Measuring Administrative Costs: UK Standard Cost Model Manual' published 29 September 2005 (<http://bis.ecgroup.net/Search.aspx?LocID=&col=PublishedDate&sort=desc>)

Diagram 1: The vision is of a system of government where, for UK and European regulation:



Support and Challenge for Policy-Makers

13. The primary responsibility for ensuring each government department transforms its approach to help achieve this vision lies with policy-makers, including lawyers and economists, within that department. The groups below will provide support and challenge to departments to help them fulfil their responsibilities.
14. Across all departments, **Better Regulation Ministers** are leading the task of challenging policy-makers to meet the Government's reducing regulation commitments. They are supported by **Board Level Champions** (BLCs), senior officials who champion the new approach within their departments.
15. The BLCs are in turn supported by a network of working level contacts in **Better Regulation Units** (BRUs) within departments who are resident experts on the new systems. They also champion the new approach and support their policy colleagues in making the changes needed.
16. The role of the **Better Regulation Executive** (BRE) is to provide expert support to help drive government and regulators towards the use of less bureaucratic levers that enable businesses and individuals to make better choices for themselves.
17. The BRE is developing materials and tools to promote creative thinking about alternatives to regulation, including where and when self- or co-regulation might achieve similar outcomes. It is also exploring how best to signpost policy-makers to the latest thinking on behaviour-based approaches, including practical examples drawn from the UK and elsewhere. The BRE will also develop guidance in conjunction with departments on how to put into practice the new guiding principles for EU legislation, including how to transpose directives and avoid gold-plating. The BRE will continue to work with European partners to encourage smarter regulation in Europe and to secure stronger influence over decision-making from the outset.
18. The **Better Regulation Strategy Group** (BRSG), chaired by BRE non-executive Chairman Sir Don Curry, and comprising a diverse membership representing business (both employers and employees), consumers and government, informs the BRE's approach. The BRSG acts as an advisory group to government right across the regulation agenda.

Section 3: The New Regulatory Framework

This section sets out the key policies and systems through which the Government is implementing each element of the new approach.

3.1: A different approach to thinking about and using regulation

19. Regulation can appear to be a solution with relatively low costs for government itself. It can seem the most familiar and lowest risk option available to policy-makers to address a problem.
20. But the reality is that regulation is never cost-free, either for government or for those whose behaviour is being regulated. It can be ineffective in achieving its intended outcomes if its effects on the system as a whole have not been properly considered. If the details of its proposed implementation have not been thought through at the outset, including the costs on the economy and the potential impact of enforcement, the burden of regulation can be much higher than necessary. In fact, hastily conceived regulation may prove to be unenforceable and could, in some cases, be more harmful than doing nothing.
21. The need to think more critically about the appropriate use of regulation applies not only to domestic but also to EU legislation, which provides one of the most significant challenges to our goal of reducing regulation. Policy-makers must have the knowledge, skills and European contacts to improve the way in which regulation is designed at source in the EU, as well as to ensure that EU directives are not transposed in such a way that they disadvantage UK businesses relative to their EU competitors.
22. Involvement in the development of European directives at the earliest stage is therefore essential. Analysing the Commission's Legislative and Work Programme annually, as it is published, will help policy-makers plan early interventions more effectively.

Alternative approaches

23. At the core of the new framework is a focus on helping policy-makers to identify the most effective approach to achieving a desired policy outcome by ensuring alternative approaches to regulation are thoroughly explored, and that traditional 'command and control' regulation is seen as the last, not first, resort.
24. It is critical that policy-makers develop the skills and knowledge to creatively consider and implement non-regulatory solutions to policy issues. Equally, it is important that Whitehall provides the incentives to encourage policy-makers to do so. An additional challenge for policy-makers in exploring alternative approaches will be to create the necessary 'breathing space' in which stakeholders can be effectively engaged, evidence properly reviewed and alternatives thoroughly assessed before a commitment to a specific course of action is made. This will be particularly challenging – and particularly important - when there is intense public and media pressure for the Government to regulate following a high-profile event.
25. The illustrative map of options, opposite, provides some examples of the range of policy instruments that policy makers could consider. Choosing an instrument, or mix of instruments, involves assessing the options that are most likely to achieve the policy objective at least cost and with the least coercion. The analysis supporting this choice should be recorded in an impact assessment.
26. More information on alternatives to 'command and control' regulation is available at www.bis.gov.uk/alternatives

Diagram 2: Examples of alternatives to 'command and control' regulation

Self-regulation: An approach initiated and undertaken by those whose behaviour is to be regulated. For example, an industry or profession might choose to develop and adopt its own code of practice promoting ethical conduct.

Examples

- Unilateral codes of conduct
- Customer charter
- Unilateral sector codes
- Negotiated codes

Co-regulation: Similar to self-regulation but involves some degree of explicit government involvement. For example, an industry might work with government to develop a code of practice. The code would usually be enforced by the industry itself, or a professional organisation, rather than by government.

Examples

- Recognised codes
- Statutory codes
- Approved codes
- Voluntary agreements
- Trade Association codes approved by the Office of Fair Trading
- Accreditation and standards

Information and education: Can be used to empower consumers to take their own informed decisions.

Examples

- Inform, enhance consumer choice
- Independent recommendation schemes
- Ratings systems
- Labelling, disclosure

Economic instruments: Can be used to modify behaviour by adjusting the economic incentives facing businesses and citizens. This approach allows individuals to make their own decisions, based on their estimates of whether the benefits of acting in a certain way justify the costs.

Examples

- Taxes
- Subsidies
- Quotas and permits
- Vouchers
- Auctions
- Competition

No new intervention: In many instances, it might not be necessary for government to initiate new action at all. Regulation and its alternatives will almost always impose costs as well as generating benefits, so policy makers should think carefully about whether action by government is required at all.

Examples

- Use existing regulation
- Simplify or clarify existing regulation
- Improved enforcement of existing regulation
- Make legal remedies more accessible or cheaper
- Do nothing at all

Note: The list above is not intended to be exhaustive.

3.2: A new decision-making structure for regulatory proposals

27. The general principles which underpin the Government's approach to considering regulatory proposals are set out in section 4.
28. To make a reality of these principles and to ensure that decisions on regulatory proposals are taken in a more disciplined and transparent way, the Government has transformed the Whitehall decision-making structures.
29. In addition to the changes detailed below, BRE will also continue to work with European partners to better influence decision-making, and encourage more rigorous use of evidence in the EU.

The Reducing Regulation Committee

30. The Reducing Regulation Committee (RRC), a Cabinet sub-Committee, has been established to take strategic oversight of the delivery of the Government's regulatory framework. It has broad terms of reference to consider issues relating to regulation. These include scrutinising, challenging and approving all new regulatory proposals as well as proposals for transposing EU obligations.
31. All regulatory proposals submitted for clearance to the RRC will be expected to be accompanied by the Regulatory Policy Committee's opinion of the impact assessment supporting the proposal (see paragraphs 38 and 39 below).
32. Further information on the sub-Committee and how to handle policy clearance is set out in guidance available here: www.cabinetoffice.gov.uk/media/411738/cabinet-committees.doc
33. The Reducing Regulation Committee reports to the European Affairs Committee for its scrutiny of draft European legislation and proposals under negotiation.

The One-in, One-out rule

34. The scope of the One-in, One-out (OIOO) rule means that no new primary or secondary UK legislation which imposes costs on business or civil society organisations can be brought in without the identification of existing regulations with an equivalent value that can be removed. Regulation which is required to implement EU obligations and public sector regulation are not within the scope of OIOO at this time, except any gold-plating of EU obligations, which will require a matching 'OUT'.
35. The objective of the policy is to:
 - Bear down on regulatory costs;
 - Get rid of laws that are no longer needed;
 - Bring about a culture change in the Government's approach to regulation;
 - Deliver a positive outcome for business and civil society organisations.
36. The introduction of the OIOO rule means that policy-makers will need to consider the net cost to business or civil society organisations of any new regulatory cost. This should be matched by corresponding cuts to costs from existing regulations. Policy-makers will need to think about identifying a corresponding regulatory policy that can be removed early in the policy development process.

Independent scrutiny of impact assessments (IAs)

37. To support the effective operation of the One-in, One-out rule and to help make sure that collective management of regulatory policy is based on good quality evidence, the Regulatory Policy Committee (RPC) - an independent external body - will provide external scrutiny of the impact assessments of all new regulatory proposals (and the associated proposed 'OUTs' under the OIOO rule) being brought forward by departments, including those implementing EU legislation.

38. The RPC will look at the accuracy and robustness of the costs and benefits in impact assessments, and whether the range of policy options assessed supports the objective of seeking alternatives to regulation, minimising costs and maximising benefits. This can take time, especially with large-scale complex measures. Departments are therefore advised to engage as early as possible with the RPC so they can plan their work programme effectively. The RPC does not comment on the Government's policy objectives, which are a matter for ministers, but focuses on the options which have been considered for implementation and the robustness and quality of the analysis and evidence used to inform the policy decisions. While its role is advisory, the RPC's opinion is expected to be submitted alongside any regulatory proposals being submitted for clearance by the Reducing Regulation Committee. New regulatory proposals should only be submitted to the RRC for clearance once the RPC has agreed the associated impact assessment is fit for purpose, in particular that the net cost to business has been sufficiently costed.

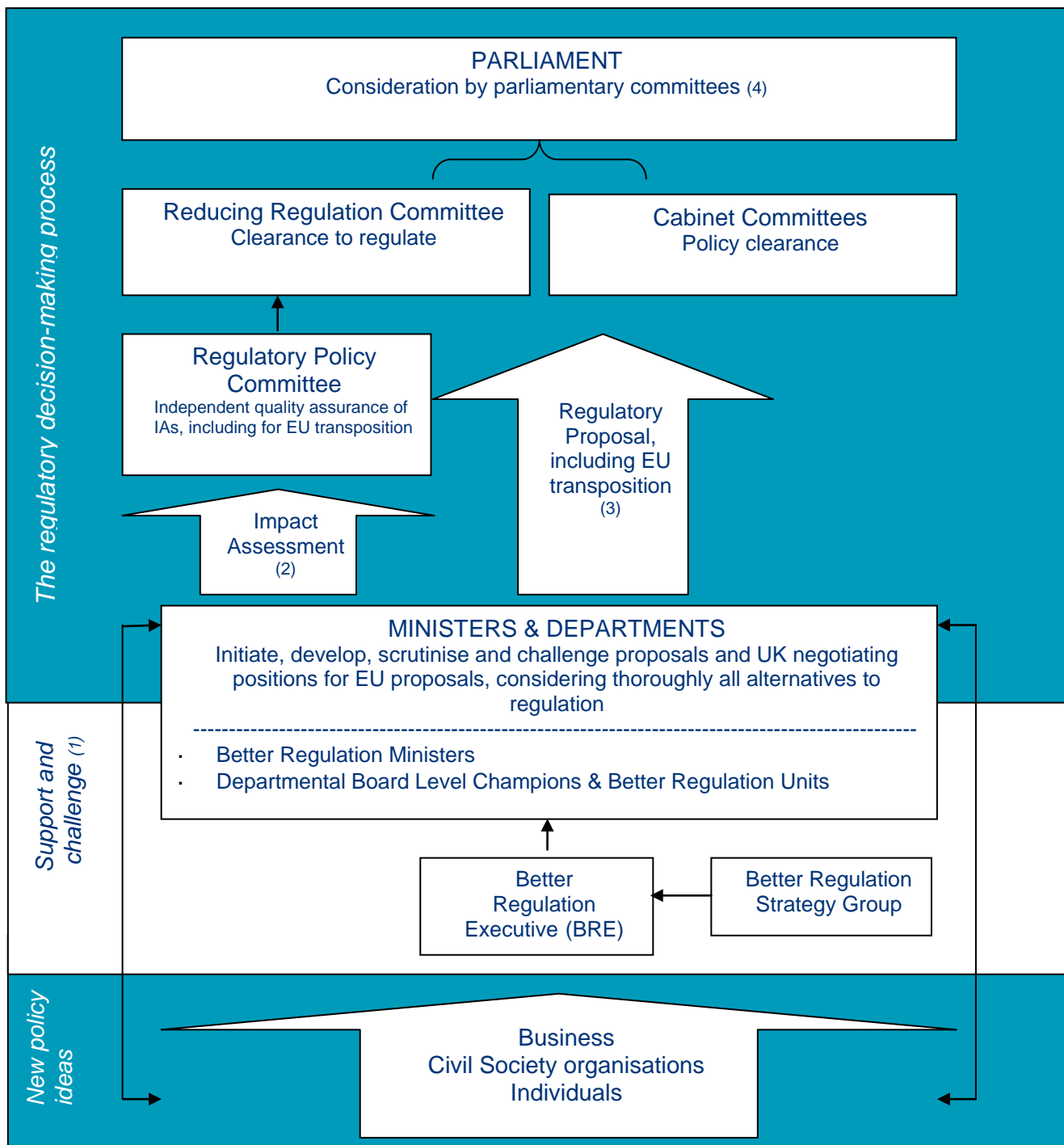
Sunset clauses for new regulations

39. Domestic legislation that imposes a regulatory burden on businesses or civil society organisations and which comes into force on or after April 2011 is now required to include a sunset clause.
40. The inclusion of a sunset clause in a new regulation means that the regulation will expire automatically on a certain date unless positive action is taken to renew it. Sunset clauses should ordinarily take effect seven years after commencement unless some other time period is appropriate in a particular case.
41. For new regulations implementing EU obligations, a ministerial duty for review every five years will apply. Reviews should include a comparison with how the UK's main competitors have transposed EU obligations to see whether the UK can reduce burdens further on business and others.
42. Departments will be required to make clear their plans for the inclusion of sunset clauses, or review, in new regulatory proposals when seeking clearance for their proposal. Any exceptions will need to be explained to the RRC and cleared as part of the clearance process. For domestic legislation, where a sunset clause is not used, a 'Duty to Review' clause should be used in order to ensure the regulation is regularly reviewed.

Rules for transposing EU directives

43. Delivering on the commitment to 'end gold-plating of EU regulations', the Government will use 'copy out' as the default approach for transposing EU directives into UK law where it is available, except where doing so would adversely affect UK interests (e.g. by putting UK businesses at a competitive disadvantage compared with their European counterparts). If departments do not use 'copy out', they will need to explain to the RRC the reasons for their choice. Departments must also satisfy the RRC how the aims of the EU law and the relevant UK government policies will be brought into harmony.
44. All necessary work to transpose EU measures should be completed well in advance of the deadline. This will give UK businesses maximum time to prepare for any legislative changes. Necessary implementing measures should come into force on the transposition deadline unless there are compelling reasons for earlier implementation. A decision must be taken in each case on whether the measures become effective in the UK at, or in advance of, the EU deadline, depending on where the advantage to business lies. Together with the new policy of review for EU regulations, these changes to the Government's approach to transposition should allow us to work closely with business to ensure gold-plating does not take place.

Diagram 3: Regulatory decision-making and support/challenge for policy-makers



Notes:

(1) When new policy issues arise, or the European Commission makes new legislative proposals, thorough consideration needs to be given to all alternatives to regulation before regulatory proposals are put forward by departments. Policy-makers should draw on the support offered by the BRE early in their policy development process.

(2) Impact assessments (IAs) must be submitted to the Regulatory Policy Committee for scrutiny before regulatory proposals are submitted to the Reducing Regulation Committee and relevant policy committee for clearance, including for proposals to implement EU obligations.

(3) Proposals for legislation that imposes a regulatory burden on businesses or civil society organisations and which will come into force on or after April 2011 are now required to include sunset clauses. In the case of EU law, from 1 January 2011 all new proposals must include a ministerial duty to review every five years.

(4) Statutory Instruments are considered by the Joint Committee on Statutory Instruments and the Merits Committee (House of Lords). Legislative Reform Orders are considered by the Regulatory Reform Committee (House of Commons) and the Delegated Powers and Regulatory Reform Committee (House of Lords).

3.3: Tougher scrutiny of existing regulations

45. The Government is committed to improving the quality of evaluation in policy-making. Plans for evaluation should be considered at an early stage and should be set out in the impact assessment accompanying the consultation on the proposed policy.
46. Policy-makers should also monitor the effectiveness of their policy. Monitoring should be used to collect the information that will be needed to carry out a post-implementation review. Monitoring allows for early action where regulations are proving costly, difficult or ineffective.

Post-implementation and sunset provisions

47. Post-implementation review (PIR) refers to the review of regulatory policy that complements the ex-ante appraisal contained in the impact assessment.
48. Sunset provisions (see above) build on the existing processes for post-implementation review. In the period preceding its expiry date (normally 2-4 years in advance), the regulation will be reviewed to determine whether it has been working as intended, whether it is still needed, and, if so, whether it can be improved.
49. Where ministers do not wish to allow the regulations to expire, they will have to make the case to renew or modernise the regulations.
50. Sunset provisions will ensure that regulations that are no longer needed are removed, and that regulations that are still needed are kept up to date and improved where necessary. They will also help to generate the deregulatory measures that will be needed under the One-in, One-out rule.

Reviews of existing regulations or ‘thematic reviews’

51. In addition to adding sunset clauses to new domestic regulations, departments will be required to undertake reviews of their existing ‘stock’ of regulation to identify opportunities to remove or revise regulations. This process will be critical to the successful implementation of the One-in, One-out rule.
52. In addition, reviews of specific areas, such as the review of health and safety regulation led by Lord Young of Graffham and Richard McDonald’s review of the farming industry (see example below), will be commissioned to improve and streamline existing regulation, ensuring it evolves as appropriate to meet changing circumstances.
53. The European Commission has committed to conducting reviews of the regulatory framework in specific policy areas over its term. To secure the best outcomes for the UK, departments should be actively involved in the review process. In addition, departments should take every opportunity to review existing regulations which implement EU obligations. By working closely with business and other stakeholders, departments may be able find more innovative, less costly ways in which to meet EU obligations. Any savings made through such a process will count as an ‘OUT’ for OIOO.

Example of the new approach in action

A new industry-led Task Force chaired by Richard McDonald will consider ways to reduce the regulatory burden on the farming industry. The Task Force is looking at ways the regulatory burden on farmers and food processors can be reduced by reviewing regulations. It will advise Ministers on how best to achieve a risk-based system of enforcement whilst maintaining high environmental, welfare and safety standards. The Task Force will especially focus on identifying and making recommendations on how unnecessary regulations can be revoked or, if EU-based, re-negotiated. It will also examine how alternatives to regulation such as industry-led approaches could help reduce the burden of regulations and how the complex implementation and enforcement of regulation can be made more simple and outcome driven.

External challenge to regulations

54. Scrutiny of regulation has traditionally come from government and parliament. As part of its strategy for creating a more open society, and putting more power in the hands of people and communities, the Government has introduced measures to increase the involvement of the public and businesses in challenging regulation.
55. The Your Freedom website, launched on 1 July 2010, provided a new way for the public to suggest regulation that they think should be removed or changed. These suggestions have been put forward to the relevant departments for consideration and could prove a useful source of ideas for departments that need to identify 'OUTs' under the One-In, One-Out rule.
56. The voice of SMEs has often been relatively weakly heard in government. BRE is exploring additional ways of giving SMEs the opportunity to identify and address those regulations that are particularly burdensome to them.

3.4: Streamlining and improving the system of enforcement

57. Where regulation is necessary, enforcement needs to be considered early in the policy-making process. Regulation that cannot be enforced is not just ineffective; it may actively harm businesses who do their best to comply, when their competitors fail to do so.
58. In addition, regulators' resources are often wasted on intrusive monitoring of the work of compliant businesses, and insufficient energy is given to dealing with those that choose to operate outside the system. The Government aims to move away from a culture of rigid 'tick-box' regulation to one founded on professional competence, pragmatism and trust where businesses are treated as partners in securing the right regulatory outcomes and play a role in the design and implementation of standards, as well as the inspection and enforcement models which are right for the job.
59. The Hampton Report³ set out a number of principles for effective inspection and enforcement. These remain valid. They emphasise good practice, including prioritisation of enforcement according to risk, and the provision of support in the form that is most useful for business.
60. Departments need to do more to make a reality of these principles, drawing on experience of what gets the best results in practice and keeps unintended consequences to a minimum. Early analysis of the existing evidence, and thorough consultation with those who might enforce regulation, is essential, particularly as not all policy-makers have direct experience of the issues involved in enforcement. Regulators also need to be supported in exploring alternative means of enforcement as where something goes wrong, they will often be held to account for the consequences.
61. Policy-makers involved in creating regulations must make sure there is a resourced plan to achieve compliance from the outset. And those responsible for enforcement must make sure compliance is effective and minimises burdens on those affected. Once regulations take effect, policy-makers should keep in close touch with enforcers in order to understand the practical effect of the regulations and to identify problems as soon as possible.
62. BRE will work with policy-makers and with enforcers of regulation to identify and disseminate good practice on enforcement and risk assessment, making good practice case studies available for policy-makers' and enforcers' use.

Developing Co-regulatory Approaches

63. One of the more challenging aspects of implementing truly risk-based enforcement of regulation is to give appropriate recognition to a business's own efforts to comply with regulation.
64. More needs to be done to ensure that, where businesses have a good track record of compliance, this is taken into account by regulators, who will then reduce the inspection burden for them. A large number of businesses use independent certification and audit to monitor the quality of their systems as a routine part of their work and the scope of these audits often overlaps with government-instigated regulation and inspection. BRE will work with departments and regulators to reduce the scale of state-led inspection and monitoring where such recognised systems of independent audit and assurance exist.
65. In sectors where businesses' own measures are sufficiently robust, there may be scope to go beyond simply reducing the burden of state-led inspections and to consider the role of third parties and industry bodies as an explicit part of the regulatory regime. This could include third parties taking a leading role on standard setting, professional development, the operation of compliance regimes and independent professional audit. BRE will work with departments and regulators to identify opportunities to expand the role of third parties, and will review existing legislation to determine where there are legal obstacles to such an approach and to identify what can be done to overcome any such barriers.

³ <http://www.berr.gov.uk/files/file22988.pdf>

Working with local regulators

66. Local authorities have a prominent part to play in enforcing regulation in the UK in areas such as trading standards, environmental health, licensing, public health, planning and building control. Their work can have a decisive impact, both for public protection and for business growth.
67. The Government is committed to devolving power and responsibility to local authorities. BRE will work with central government departments, the Local Better Regulation Office and local authorities to determine what more can be done to reduce regulation and the burdens of enforcement at local level as decentralisation takes effect. BRE will explore how the Primary Authority scheme might be developed to provide further certainty for businesses that are subject to regulation in multiple local authority areas. Policy-makers and departments will need to develop strong local relationships with regulators to help shape and influence how regulatory burdens are kept to a minimum. This may require working as facilitator rather than central lead.

Sunset reviews of regulators

68. A significant number of bodies enforce regulations, including departmental executive agencies, local government and Non-Departmental Public Bodies. This makes the regulatory landscape complex. The structure of the regulatory system will be kept under review, with the aim of simplifying it as much as possible.
69. Where regulators have been created by Act of Parliament, they may not be reformed without further legislation. If parliamentary time allows, the Government plans to introduce legislation to impose sunset clauses on statutory regulators, requiring regular, cyclical reviews of their work, and allowing Parliament to vote on abolition, merger, reform or retention according to a set timetable. The role of network infrastructure regulators is being reappraised separately from the sunset review process to take account of the need for long-term stability for investment in these sectors.

Section 4: Implications for the policy-making process

The table below sets out the Coalition's principles of regulation, provides a check-list of key underpinning questions policy-makers should consider, highlights the implications of the Coalition's new approach to reducing regulation, and provides links to further sources of information. Departmental Better Regulation Units will also be able to provide further advice and guidance at each stage of the policy development process.

The Coalition's principles of regulation ⁴	Key underpinning questions for policy-makers	Implications of the new approach	Links to further information
<i>Initial analysis of the problem...</i>			
1) Is it necessary for the Government to act?	<ul style="list-style-type: none"> What exactly is wrong? Why should government intervene? Could others – e.g. civil society organisations – take the lead? What are the implications of not tackling the problem? How many people/businesses/ organisations does the issue affect? Is it a one-off issue? Is there stakeholder support for action? 	The BRE will be taking a stronger and more proactive role in working with departments as they develop policy, to help ensure that the case for government intervention is robust and that alternative, non-regulatory options are fully explored.	About the BRE
<i>If government intervention is necessary...</i>			
2) Have the costs and benefits and the impacts on those affected been robustly identified and reflected in the choice of options?	<ul style="list-style-type: none"> What is the best approach to tackling the problem? What non-regulatory approaches are available? How do the options compare? Can it be demonstrated that alternatives to regulation will not achieve the objective? Does industry agree that an alternative approach will not be effective? 	<p>The BRE, working closely with the Cabinet Office Behavioural Insight Team, is developing advice, guidance and a body of case studies on alternatives to regulation to support policy-makers in using non-regulatory approaches.</p> <p>The Regulatory Policy Committee (RPC) provide external scrutiny of the impact assessments of all new regulatory proposals prior to submission to the RRC, ensuring the quality of the impact assessment is fit for purpose.</p>	Alternative approaches Regulatory Policy Committee
3) Does the proposed approach harness the insights of behavioural economics?	<ul style="list-style-type: none"> Does the preferred solution minimise the impact on business and civil society organisations? Does the impact assessment accurately describe the alternative approaches that have been considered? Does it set out the costs and benefits of all options fairly and accurately? 	<p>The BRE will also continue to provide guidance and advice to policy-makers on conducting impact assessments (IAs), and to encourage more rigorous use of IAs in the EU.</p>	Impact assessment guidance

⁴ The principles have been shortened and adapted for the purpose of this table. To see the principles in full, please go to the [General Principles](#) webpage

The Coalition's principles of regulation ⁵	Key underpinning questions for policy-makers	Implications of the new approach	Links to further information
<i>If regulatory action is proposed...</i>			
4) Is the issue sufficiently high priority to justify regulating?	<ul style="list-style-type: none"> Have those potentially affected been consulted? How will the regulation be enforced? Has advice been sought from the proposed enforcement body? 	<p>Departments must ensure that new regulations are only imposed when absolutely necessary and that the costs of new regulatory proposals are properly assessed across all levels of people and organisations likely to be affected and those involved in enforcement.</p>	Hampton principles of effective enforcement
5) Is the proposed regulation a necessary and proportionate response to the policy issue?	<ul style="list-style-type: none"> Where appropriate, does the proposed regulation empower those who will be responsible for enforcing it rather than prescribing a specific set of actions? How will the effectiveness of the solution be monitored? How and when will it be reviewed? 	<p>All regulatory proposals submitted to the RRC should be accompanied by the RPC's opinion of the impact assessment supporting the proposal.</p>	Reducing Regulation Committee
6) Where SMEs are included within the scope of the regulations, has a compelling case been made for their inclusion?	<ul style="list-style-type: none"> Will SMEs be disproportionately affected? 	<p>Departments will be required to make clear their plans for the inclusion of sunset clauses in new regulatory proposals when seeking clearance from the RRC.</p>	Sunsetting regulations
7) Have the necessary burden reductions required by the One-in, One-out rule been identified and are they robust?	<ul style="list-style-type: none"> Are the costs to business clear? How would the additional costs of regulating be offset? Will business recognise the benefits identified? 	<p>Departments must ensure they have identified the necessary deregulatory measures under the One-in, One-out rule before submitting their impact assessments for scrutiny by the Regulatory Policy Committee and before submitting regulatory proposals to the Reducing Regulation Committee.</p> <p>Reviews of existing regulations and sunset clauses will complement the One-in, One-out rule by helping to identify regulations that should be removed or revised.</p>	One-in, One-out Sunsetting

⁵ The principles have been shortened and adapted for the purpose of this table. To see the principles in full, please go to the [General Principles](#) webpage

The Coalition's principles of regulation ⁶	Key underpinning questions for policy-makers	Implications of the new approach	Links to further information
<i>Drafting and implementing EU obligations...</i>			
8) Has the UK influenced the drafting of EU regulations to ensure legal requirements will impose only minimal burdens?	<ul style="list-style-type: none"> Have the regulations been drafted with implementation and impact on the economy in mind? Have non-regulatory alternatives been thoroughly considered? 	<p>The BRE will be working with European partners, the Commission and the European Parliament to encourage smarter regulation and to encourage more rigorous use of evidence in the EU.</p>	Guidance on EU obligations
9) Where the proposed regulation implements EU obligations, is it the least burdensome way in which to implement them?	<ul style="list-style-type: none"> Where relevant, has the Commission been challenged on the principles of subsidiary and proportionality? Has the Commission produced robust impact assessments? Is there evidence that UK businesses could be competitively disadvantaged relative to their EU counterparts? Is it in line with the Coalition's principles of transposition? Has copy out been used? Has a ministerial duty to review been included? Is it clear how the EU law and relevant UK Government policies should be brought into harmony? 	<p>Government lawyers must be engaged at an early stage and involved in all stages from the initial proposal, and negotiation through to transposition</p> <p>The RRC must be notified of a new European law within two weeks of publication in the European Official Journal. The pro-forma and an outline project plan for implementation must be submitted.</p> <p>All necessary work to transpose the measure must be completed well in advance of the deadline.</p> <p>The RPC will provide external scrutiny of the impact assessments for the proposed regulations to implement EU legislation</p>	Principles of transposition Regulatory Policy Committee

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