

BERR | Department for Business
Enterprise & Regulatory Reform

SIMPLIFICATION PLAN 2008

Supporting business through
better regulation

DECEMBER 2008

Foreword

BERR is at the heart of the Government's Enterprise Strategy, to support business growth and productivity, in particular by facilitating an enabling regulatory framework, which will improve the ability of businesses in the UK to innovate and to compete.

The challenging economic environment, driven by global pressures, emphasises the importance of the simplification agenda in maintaining economic competitiveness and performance.

In the 2007 Simplification Plan, we set out a detailed strategy which would deliver our targeted net reduction of 25 per cent in administrative burdens by 2010. This is vital because BERR as a major regulatory Department – and as the voice for business – is central to the success of the cross-Government programme on reducing regulatory burdens.

This Plan reaffirms our aim of delivering £1 billion worth of savings to the UK economy, making a real difference to business. Where regulation is necessary, it will only be implemented with minimum costs to business, and with that in mind BERR will continue to show leadership on the regulatory reform agenda, as demonstrated by the recent consultation on a possible approach to regulatory budgets for Government Departments.

Stakeholders have been reassured by the Department's commitments on better regulation, but have been awaiting evidence of delivery. This year has seen major progress on this front. Our concerted efforts to raise awareness of Government employment law guidance, and to promote messages about how to eliminate over-compliance, are making a real difference and the implementation of the Unfair Commercial Practices Directive, which harmonises large sections of consumer law across the EU, will reduce confusion for both consumers and business.

There is a lot of work to be done to ensure that we deliver on this commitment, so that business can see that the Government and BERR as the voice for business not only recognises but also acts to support business in addressing the adverse impacts of regulation on UK productivity and business profitability.

The successful passage of primary legislation – the Employment Act, which simplifies complex dispute resolution procedures and the Regulatory Enforcement and Sanctions Act, which enables risk-based enforcement by regulators – represents major better regulation achievements by BERR.

Improving outcomes requires a coordinated effort across Government, which BERR is leading as the voice for business in Government. Better regulation has always been based on partnership between Government and the wide range of stakeholders, which needs to continue.

December 2008

Lord Mandelson
Secretary of State for Business, Enterprise and Regulatory Reform

CONTENTS PAGE:

| | | |
|-----------|--|-----------|
| 1 | EXECUTIVE SUMMARY | 5 |
| 1.1 | ENTERPRISE AND BETTER REGULATION..... | 5 |
| 1.2 | PROGRESS ON THE SIMPLIFICATION PROGRAMME..... | 5 |
| 1.3 | PROJECTS WITHIN THE PROGRAMME | 5 |
| 1.4 | WIDER INITIATIVES | 6 |
| 2 | OVERVIEW | 7 |
| 2.1 | BENEFITS OF THE SIMPLIFICATION PROGRAMME..... | 7 |
| 3 | PROGRESS ON REDUCING ADMINISTRATIVE BURDENS..... | 9 |
| 3.1 | DELIVERY AGAINST THE TARGET..... | 10 |
| 3.2 | SAVING TIME AND MONEY FOR EMPLOYERS..... | 11 |
| 3.3 | BETTER CORPORATE GOVERNANCE, SAVING TIME AND MONEY FOR COMPANIES. | 18 |
| 3.4 | SIMPLER CONSUMER LAW FOR TRADERS AND INTERMEDIARIES..... | 21 |
| 3.5 | INDUSTRY SECTORS | 23 |
| 3.6 | INSOLVENCY SERVICE..... | 25 |
| 3.7 | NEW BURDENS..... | 26 |
| 4 | ADMINISTRATIVE BURDEN REDUCTION TRAJECTORY | 28 |
| 5 | PUBLIC SECTOR | 29 |
| 6 | THIRD SECTOR | 29 |
| 7 | SMALL FIRMS..... | 29 |
| 8 | WIDER LINKS | 31 |
| 9 | QUALITY ASSURANCE | 36 |
| 10 | NEXT STEPS | 37 |
| | ANNEX A: CHANGES FROM 2007 SIMPLIFICATION PLAN..... | 38 |
| | DETAILED TABLES..... | 39 |

1 Executive Summary

1.1 Enterprise and Better Regulation

BERR, as well as being the voice for business in Government, has an extensive remit to promote fair and competitive markets through company law, the competition framework, employment law and consumer legislation. Through the “Think Small First” policy, outlined in the Government’s Enterprise Strategy, BERR is working with small firms to ensure that regulation is targeted and does not impose disproportionate burdens. This will enable firms to have more time to innovate, compete and grow and encourage new start-ups, contributing to greater levels of enterprise in the UK economy.

Better regulation by BERR is implemented through consultation with stakeholders and in conjunction with a range of executive agencies, independent regulators and enforcement authorities¹. At the local level, much of the consumer legislation is enforced by trading standards authorities.

1.2 Progress on the Simplification Programme

BERR is targeting a 25 per cent net reduction in the administrative burdens imposed by its regulations by 2010. Achieving this will be a major contribution to the cross-Government programme to reduce administrative burdens by £3.5 billion, as BERR accounts over 30 per cent of the total administrative burdens imposed by the Government.

Recognising the potential risks to delivery of simplification measures (and uncertainty regarding the savings generated by the implementation of the Unfair Commercial Practices Directive), BERR is presenting a Plan, which works towards delivering its commitment on a 25 per cent net reduction by 2010. This is net of the additional cost of new regulation in the pipeline, which we currently estimate will amount to £113m in new administrative burdens (revised downwards from £132m).

Considerable progress has been made over the past year, with 14 per cent net savings being delivered compared to 1 per cent net savings at the end of 2007, and BERR remains on track to meet its target by May 2010.

1.3 Projects within the Programme

BERR’s administrative burdens are largely in the areas of employment, consumer, and company law. The majority of the projects delivering most of the reductions in burdens are concentrated on these areas of policy.

¹ BERR’s agencies include Companies House and the Insolvency Service. The regulators include the Financial Reporting Council, the Office of Communications (Ofcom) and the Office of Fair Trading (OFT). Ofcom and the OFT have developed their own Simplification Plans. BERR also sponsors Consumer Focus, which was created as part of the Consumer, Estate Agents and Redress Act. It started work on 1 October, and was formed through a merger of the National Consumer Council, Energywatch and Postwatch to create a more powerful consumer champion with stronger statutory powers and a wider remit.

Employment Law

There are two main work-streams in this area:

- the new Employment Act 2008 contains the abolition of statutory dispute procedures – a key irritant for business which has now been addressed – and will generate £150m annual savings from April 2009.
- the Employment Law Guidance Programme can point to indicative administrative burdens reductions of £418m, supported by the promotion of behavioural change, helping business to avoid duplication of effort and over-compliance, as well as the promotion of improved guidance and the use of on-line tools.

Consumer Law

The EU Unfair Commercial Practices Directive, which introduces a general duty to trade fairly in place of complicated aspects of consumer law was implemented in May 2008, and will lead to a reduction in administrative burdens for business, although the level of net savings, which could be up to £261m, remains subject to some uncertainty.

Company Law

The Companies Act 2006, which is projected to deliver £298m of administrative burdens savings, will be fully implemented by October 2009. The 2007 Simplification Plan reported the provisions for facilitating electronic communications by companies and the abolition of the requirement for private companies to hold annual general meetings, which came into force in 2007. Important measures that came into force this year include the repeal of restrictions on financial assistance for acquisition of shares in private companies and the removal of the requirement for the appointment of company secretaries in private companies.

1.4 Wider initiatives

In addition to its administrative burdens reduction programme in the UK, BERR is also contributing to the better regulation agenda in the EU, particularly on supporting the formulation of the EU Small Business Act and the EU Simplification Plan, which amongst other measures, considers further simplification of accounting and auditing regulation across the EU.

BERR is also leading on a number of initiatives to improve conditions for business success. Key measures include:

- The cross-Government Business Support Simplification Programme, which aims to tackle the proliferation of publicly funded business support schemes, to reduce duplication and reduce the amount of time spent by business in securing effective business support.
- The implementation of the EU Services Directive - by the end of 2009 - will remove administrative barriers to cross-border trade in services in the EU, delivering up to £4-6 billion in benefits to the UK economy.

2 Overview

2.1 Benefits of The Simplification Programme

BERR, as the voice for business, has brought a renewed focus on driving productivity performance. While ensuring that markets operate efficiently, BERR is also responsible for the fair treatment of consumers, employees and shareholders. Therefore, BERR's simplification agenda is based on ensuring that regulation is fair and proportionate and also minimises the burdens placed on business. This involves work on addressing regulatory irritants that impede business operations and reducing business uncertainty on compliance by providing better guidance, simplifying procedures and where possible removing unnecessary regulations.

Highlights

1. Abolition of costly statutory dispute resolution procedures in the new Employment Act, reducing administrative burdens by £150m per year.
2. Facilitating the use of electronic communications by companies with shareholders, saving £76m in administrative burdens per year.
3. Abolition of requirement by private companies to hold Annual General Meetings, saving £45m in administrative burdens per year.
4. Implementation of the EU Unfair Commercial Practices Directive (UCPD) in May 2008, introduced a general duty on traders not to treat consumers unfairly.
5. Repeal of the need to appoint company secretaries has meant that 50 per cent of new private companies incorporated in October 2008 did not include the appointment of a company secretary.
6. Abolition of complex capital assistance rules, saving £68m in administrative burdens per year.
7. Advice for employers on how to save time and money when complying with their employment law obligations through promotion of employment guidance, online tools and proformas, and wider culture-change messages around avoiding over-compliance and duplication. Independent research shows that indicative administrative reductions of £418m have been achieved.
8. The proposed use of deregulatory measures in the implementation of the Walsh Review which extends the right to request flexible working to 4.5 million additional eligible employees.

Legislative reforms in employment law, consumer law and company law have generated the large bulk of BERR's projected reductions against its administrative burdens baseline. In particular, the enactment of the Companies Act in 2006 has meant that reforms of company law have already delivered a substantial part of BERR's savings that have benefited business. Meanwhile, online tools and guidance on employment law have become widely available over the last two years contributing to large reductions in measured administrative burdens. In the coming years, the delivery of significant savings is expected in the area of consumer law.

Employment Law

Employment law affects all enterprises with employees: 1.2 million enterprises, which employ 19 million people. As 97 per cent of these enterprises are small – they employ up to 50 employees – the Employment Law Guidance Programme, which is based on on-line guidance and tools housed on the businesslink.gov.uk website as well as improved guidance to change business behaviour to eliminate duplication and over-compliance, has the potential to make a significant impact on the operation of small enterprises.

Furthermore, the new reforms of the dispute resolution system – a high profile irritant – in the Employment Act have received a positive welcome from business. Growing out of the Guidance Programme, the consultation on the implementation of the Walsh Review on extending the right to request flexible working to parents of 16 year olds has received praise for including a useful deregulatory measure.

Company Law

Company law affects 2.5 million companies, the vast majority of which are small, as are 98 per cent of the 22,000 limited liability partnerships. Therefore, the implementation of the Companies Act 2006, which is the most advanced of our major projects in terms of delivery, has a substantial economic impact in terms of simplification.

Over £230m of the projected £298m administrative burdens savings have already been delivered: major measures include facilitating electronic communication with shareholders and the removal of the requirement for private companies to hold AGMs. The repeal of the restrictions on financial assistance for acquisition of shares in private companies took effect on 1 October 2008 and delivered £68m reductions and all of the measures required to deliver the full savings will have been implemented by October 2009. Furthermore, reforms to limited partnerships and limited liability partnerships will deliver £9m in administrative burdens reductions.

Consumer Law

The implementation of the Unfair Commercial Practices Directive in May 2008 is projected to reduce the PwC measured administrative burdens baseline by up to £261m net although the exact level of savings cannot be determined, at present. The Directive will affect approximately 325,000 firms in the retail sector, the great majority of which are small firms employing four people or fewer. There are also approximately 153,000 hotel and restaurant enterprises, the majority of which will be affected, as well as a wide range of other sectors which will be affected such as the real estate and services sectors.

3 Progress On Reducing Administrative Burdens

BERR is working to achieve its targeted 25 per cent net reductions on its administrative burdens baseline by 2010.

TABLE 1: SUMMARY OF PROGRESS

| | £m |
|---|-------------------------|
| BERR baseline | 3,990 |
| Administrative burdens savings identified | 908 – 1,169 |
| Administrative burdens savings already delivered | 680 |
| Projected Net administrative burdens reductions to be delivered by May 2010 | 795 – 1,056 = 20% - 26% |
| Net administrative burdens reductions already delivered | 571 = 14% |

BERR is responsible for legislation which imposes the largest admin burdens of any Department in Whitehall - £4 billion as measured in the PwC exercise². Over 90 per cent of these burdens arise from legislation in three policy areas: employment law, company law and consumer law. The burdens are large because BERR legislation affects every company, every consumer and every employee.

The BERR 2007 Simplification Plan, published on 14 December 2007, outlined a programme that would deliver an estimated £1,050m in annual administrative burdens savings by 2010, thus setting us on a path to achieve the Department's 25 per cent target. In this Plan we provide an update on the progress we have made in meeting our commitment.

The table, overleaf, shows PwC's estimates of BERR administrative burdens by policy area, the savings identified in the 2007 Simplification Plan, and the revised totals that take account of the additional simplification savings identified in this Plan.

² The cross-Government administrative burdens reduction exercise conducted between September 2005 and May 2006 (based on measurement by Price Waterhouse Coopers) revealed that the administrative burdens from BERR regulations amounted to £4.3 billion per year. This excluded what business representatives themselves categorised as "business as usual" costs – costs that, while linked to regulatory requirements, arise from activities that businesses would continue even if those legal requirements were to be abolished. The BERR administrative burdens baseline has subsequently been adjusted.

TABLE 2: BREAKDOWN OF ESTIMATED REDUCTIONS BY POLICY AREA

| BERR policy area | Baseline ³ (post BAU) £m | Reductions identified in SP2 £m | Current projected reductions £m | Reductions delivered to date £m ⁴ |
|------------------------------------|---|--|--|---|
| Company Law & Companies House | 962 | 304 | 298 | 237 |
| Consumer & Competition Policy | 874 | 294 | 14 – 275 | 14 |
| Employment law | 1,914 | 507 | 589 | 429 |
| Insolvency Service | 220 | 23 | 1 | 0 |
| Other | 20 | 29 | 6 | 0 |
| Total admin burdens | 3,990 | | | |
| Total admin burdens savings | | 1,182 | 908 – 1,169 | 680 |
| Total new burdens | | (132) | (113) | (109) |
| Net admin burdens savings | | 1,050 | 795 – 1,056 | 571 |
| Approximate % Reduction | | 25 | 20 – 26 | 14 |
| | | | | |
| Energy³ | 78 | 25 | 0 | 0 |

3.1 Delivery Against The Target

At the time of publication of our 2007 Simplification Plan, we had delivered 1 per cent net reduction against the target. Even so, we were able to project significant progress against the target in 2008, with the delivery of a high proportion of our savings in 2009-10. We have now delivered around 14 per cent net reductions against the target.

In order to deliver the full 25% net savings by May 2010, we are actively working to mitigate any risks arising from business not taking advantage of opportunities to reduce their costs of complying with regulation. This involves close cooperation with business stakeholders – where possible working with them as delivery partners – to ensure that simplification measures are communicated to business so that they achieve the desired impact, and to take appropriate corrective action where it is necessary. In addition, work on existing projects will be accompanied by active consideration of substantive simplification measures as they arise.

We have delivered substantial savings in the three key policy areas of employment law, consumer protection and company law, which have been the focus of our deregulatory efforts.

³ Annex A explains adjustments that have been made to the baseline to take account of changes due to new evidence and the October 2008 Machinery of Government Changes with the transfer of energy policy to the Department of Energy and Climate Change (DECC).

⁴ These projected savings are subject to revision as policy measures will be developed further. Total savings here do not correspond precisely to totals from our detailed proposals in the table at the end of the Plan (which are sometimes higher), for example because some savings accrue to a number of Government Departments.

3.2 Saving time and money for Employers

Employment relations policies are driven by the need to ensure fairness in the workplace so as to ensure minimum standards at work for employees as well as greater labour market participation through improved flexible working practices. At the same time, the Government recognises that improved conditions and rights for employees should not be at the cost of disproportionate burdens or excessive bureaucracy for employers.

Reforming Dispute Resolutions in the Workplace

The statutory dispute resolution procedures introduced in the Employment Act 2004 had been regarded by business as being excessively burdensome and costly. This was supported by the PwC measurement exercise, which suggested that the administrative burdens associated with these procedures stood at £115m per year. Therefore, the Employment Law Simplification Review led by Michael Gibbons recommended the repeal of the statutory dispute procedures. This recommendation formed the basis of the new Employment Act 2008.

In addition to the repeal of the existing statutory dispute resolution procedures and related provisions about procedural unfairness in dismissal case, the Act:

- confers on employment tribunals discretionary powers to amend awards if parties have failed to comply with a relevant statutory code;
- makes changes to the law relating to conciliation by Acas (Advisory Conciliation and Arbitration Service);
- amends tribunals' powers by which they may reach a determination without a hearing; and
- allows tribunals to award compensation for financial loss in certain types of monetary claim.

In addition to the £115m administrative burdens savings resulting from the abolition of the statutory dispute procedures, there will be further administrative burdens savings of £35 million (revised upwards from £17m in the 2007 Simplification Plan). These savings are estimated to come from better help and advice on resolving disputes, enabling more people to resolve their problems early and avoid the expense and time commitment of an employment tribunal case. In addition to reductions in administrative burdens, employers will also benefit from further policy cost reductions totalling £27 million. These reductions are generated as a result of potential claims being resolved at an earlier stage in the dispute resolution process and the overall reduction in the number of claims that reach a full tribunal hearing.

Dispute Resolutions Review

As part of the Dispute Resolution Review, up to £37 million is being invested into Acas to enhance the Acas Helpline and enable more Pre-Claim Conciliation (PCC) to take place. These services will be launched in April 2009 alongside the repeal of the 2004 Statutory Dispute Resolution regulations. These two services will help reduce the administrative burden on employers and current forecasts indicate this will save £35million for employers.

There is potential for the Helpline and the PCC service to enable the realisation of some of the burden savings before the formal launch in April 2009. This is because we are currently in the implementation phase of the helpline and have begun to ramp up the capacity of the helpline, implement the training modules and bring that training back to the day job. This phased approach will enable the helpline to be fully functional and at maximum capacity for April 2009.

In addition, we are in the middle of running a pilot for PCC in 3 of the 12 Acas helpline locations and this should therefore have an effect on a certain proportion of cases that would otherwise have entered the tribunal system, thus bringing admin burden savings for employers. The pilots were due to finish in November, but interim findings have shown that original assumptions were valid. Hard data from interim reports showed success of PCC up to the end of September.

Simplification of Employment Law Guidance

A common concern among employers is that employment law is too complicated. The 2005 PwC measurement exercise enabled BERR to identify which aspects of employment law were particularly burdensome and were characterised by duplication of effort and over-compliance.

Therefore, with the aim of achieving a target of a £365m reduction in administrative burdens, BERR has worked to address the culture of over-compliance and to improve the content, delivery, awareness and uptake of government guidance on the identified aspects of employment law.

In part, we have been doing this by providing employers with free access to a suite of online tools and proformas on the businesslink.gov.uk website that can significantly cut the time and expense that they incur in complying with some of their key employment law obligations. But we have also been working hard to promote wider messages on easy ways to eliminate costly duplication and over-compliance.

For example:

- clear messages on how it is unnecessary to keep separate or additional payroll records to establish compliance with National Minimum Wage or rules on the maximum working week.

- free, easily accessible and easy to use interactive tools that allow employers to complete online bespoke statements of employment particulars; to calculate holiday entitlements and to calculate redundancy payments.
- a range of other proforma letters, forms and agreements to comply with key objections on flexible working, working time and parental leave.

We have undertaken a major marketing exercise to raise awareness and take-up of this guidance and the wider culture change messages. Over 1 million SMEs (small and medium-sized enterprises) were contacted directly and we have been working with employer and trade associations to communicate the programmes benefits to the widest possible audience.

In June 2006, BERR commissioned ORC International through an open tender process, to conduct a study to assess the Department's progress in relation to its objective to reduce the administrative burdens that underpin the Employment Law Guidance Programme. This encompassed six broad areas of employment law, covering written statements of employment particulars, working time, flexible working, redundancy, National Minimum Wage and parental leave. The study which reported in December 2008, suggests that indicative administrative burden reductions total to around £418m.

Janet Davis* - General Praise

"Makes more sense and saves money..."

Janet is a director of TFC Limited, a company which specialises in selling industrial fasteners. She has some HR responsibilities although the company also employs a HR administrator. The company no longer uses external consultants for advice on employment law, as they are expensive and Janet gains most of her information about employment legislation from *"surfing the Net."* The company keeps their knowledge updated by visiting guidance websites, such as Business Link. Janet has found that this approach *"makes more sense and saves money..."*

Janet thought the Business Link flexible working time guidance was helpful and easy to navigate. She especially liked that there were specific forms to download and that the relevant form needed at each stage in the process was given in the correct order. In particular, she was positive about this as developing forms *"can be time consuming."* Janet also liked the link to the Acas helpline and the *"Tell a friend about this page"*. Indeed she said she would use this to let her HR administrator know about this specific guidance and to encourage her to visit it and to find out more.

* The person interviewed for this case study did not wish to be identified. Her name has been altered accordingly.

The elements of the Employment Law Guidance Programme with the associated savings are set out below:

- **Employment particulars:** All employees are entitled within 2 months of their start date to a summary of their key terms (or “particulars”) of employment. An online tool available via businesslink.gov.uk and promoted under the guidance programme allows employers to produce such a statement of employment particulars quickly and easily themselves – saving the expense of employing an expert adviser to do it for them. The current survey evidence suggests that the Programme has contributed to a reduction of around £110m in measured administrative burdens associated with meeting this obligation.

Gerry Kerins – Written Statements Toolkit

“I rely on it for information.”

Gerry Kerins is the Financial Director of Rococo, a manufacturer and retailer of wholesale fine chocolates, which has been operating for 25 years. As the product is seasonal employment rates vary, with 30-35 people being employed on average, although only around 15-20 on a full time basis. Gerry is additionally responsible for HR and has to ensure that all guidelines are followed in relation to the employment particulars.

Gerry spends around 2-3 days a week on HR, the majority of this time is used to produce the pay-roll. Gerry uses an independent solicitor to help with contracts, payroll, holiday entitlement etc, he states, “it is vital to have expertise in this area”. It makes the process easier and gives him the confidence and security he needs to make major decisions associated with employment law. Gerry keeps himself informed of any changes; he describes himself as “pretty confident” with employment law as he does not see HR as his main role. Due to the nature of the business Gerry makes a high volume of changes to the contracts such as altering job descriptions, or amending changes in pay, which can be extremely time consuming, and costly.

Gerry has used Business Link in association with employment contracts; he has found the templates for the written statements on Business Link help to “clear up any grey areas”. He has used the templates to produce a first draft of a contract and has presented these to a third party advisor in order to get them approved, and this can help to save money. He believes that Business Link is a beneficial tool and helps him to keep informed and up to date with new employment law legislation, as well as being able to cut costs.

- **Redundancy:** An online calculator tool available via businesslink.gov.uk and promoted under the Guidance Programme that enables employers to produce a written statement showing the redundancy payment due to an employee and how it has been calculated under the Statutory Redundancy Scheme. The ORC International survey points to a reduction in administrative burdens of around £7 million per annum.

- **Maternity leave and pay:** Since 14 July employers have been able to find all the information and guidance that they need on maternity, paternity and adoption legislation, on one government website www.businesslink.gov.uk/workandfamilies. As well as articles on statutory maternity pay, paternity leave and overseas adoption, employers can follow a step-by-step tool, guiding them through all the legal requirements for managing new and expectant mothers at work, and are given useful practical advice on how to make the process as straightforward as possible. A statement of the employer's rights and responsibilities can be saved online or downloaded for reference. Visits to the businesslink.gov.uk "Work and Families" pages have increased 300% in the 3 months following publication.

Maternity/paternity pay guidance:

"The [guidance] tool is very useful; it's much easier than trying to read a policy document"

Lindsay MacGregor is the Human Resources Manager for This Is Organic (TIO) – a food manufacturing company, which has 59 employees. They specialise in sourcing, packing and preparing root vegetables for companies such as Tesco's.

While Lindsay is confident with the processes she follows, she is never 100% certain that there haven't been changes to employment law and that she is still up to date with her knowledge.

When Lindsay needs advice or guidance about employment law, she will turn to the company's external HR consultant and the Business Link website. She has used the Business Link tool for paternity pay guidance and described the tool as, "...very useful..." The tool helped Lindsay know what she needed to do at different stages in the process. She felt it is easier to understand the process using the Business Link guidance. She particularly liked that the information was clearly laid out and easy to follow, "...it's much easier than trying to read a policy document." Lindsay felt that the Business Link paternity pay guidance has taught her to keep notes and records of all the important information and dates and she now ensures that she does this.

Lindsay also uses the Business Link website to keep up with any changes to employment legislation. She was very positive about the website; indeed she couldn't think of any ways in which it could be improved.

- **Working Time:** The Guidance Programme has promoted standard proformas for agreeing an employee's opt-out from the 48 hour maximum working week; and guidance on what is required when keeping records of opted-out workers and hours worked; available on businesslink.gov.uk The Guidance Programme has also broadcast clear messages to its SME audience on how to avoid unnecessary duplication when keeping records of working time. The ORC survey points to indicative savings of £144m with respect to administrative burdens associated with complying with working time obligations.

Marie Riley – Working Time guidance & Written Statements Toolkit

“It is much appreciated”

Marie Riley and her husband are both horticulturalists and grow orchids as a primary business. They are directors of a limited company, which they established in May of this year, employing four people. As a new business, Marie has tried using a number of different methods to help her set up and maintain the right processes. These include the HMRC CD-ROM, HMRC “Employers Bulletin” and National Farmers’ Union updates. Marie also reads the newspapers in order to keep up to date with employment law.

Marie had tried the software package, Sage, in the past, but found it too costly. She has been doing all her working time and wage records manually, estimating that she spends appropriately four days a month tallying up hours, calculating wages, and dealing with employment contracts. This amount of time can soon add up, therefore she would welcome a less time consuming solution.

BERR has given Marie Riley the opportunity to directly access employment information, which makes it easier for her to follow the rules and regulations.

She claims she now does *“everything on this now, as it is just easier”* and finds the site simple to use. She states that Business Link/BERR lives up to expectations and it provides clear and coherent information. Business Link reduces the overall paperwork that is needed, *“you can do it all on-line and it saves time, it’s great.”*

For a new firm, like Marie’s, Business Link/ BERR has become an essential and valuable tool for the day to day running of the business.

- ❑ **National Minimum Wage (NMW):** The Guidance Programme has given clear messages that NMW records-keeping obligations do not require anything in addition to normal payroll records. The ORC International survey points to a £14m reduction in administrative burdens associated with keeping records of payments made to workers qualifying for the NMW.
- ❑ **Flexible working:** Guidance and proformas promoted under the Guidance Programme have supported a £129m reduction in measured administrative burdens associated with flexible working. By taking the opportunity to use deregulatory measures in implementing the Walsh Review’s recommendation to extend flexible working to parents of children under 16 years old, in April 2009, employers will need to provide written confirmation of agreement to an employee’s request for flexible working only if an employee specifically requests it⁵. This would lead to an additional saving of £10m in administrative burdens.

⁵ In November 2007, the Prime Minister announced the extension of the scope of the right to request flexible working to parents of older children and asked Imelda Walsh, HR Director of J Sainsbury plc, to conduct an independent review of where the age cut-off for an older child should be set. Ms Walsh published her report on 15 May 2008, recommending that the age cut-off to be raised to 16 years and under from 6 years and under.

Kate Marks* – Flexible Working Time applications guidance and proformas
“It’s right that companies do have to carefully consider and do have to justify their decision to turn it down.”

Kate Marks works for a foundry manufacturing engine castings based in Shropshire. She is the HR Manager and, with the help of an assistant, handles the HR for 343 employees over two sites. While she has 20 years experience in HR, she finds that dealing with requests for flexible working can still be challenging as “each case is different”.

On receiving a request, Kate is very careful to follow the correct process from the beginning, compiling information and responding to the request within 14 days. Initially she checks the legislation, often referring to websites such as businesslink.gov.uk for any changes. Also, as her company has professional membership of the Engineering Employers Federation, she has industry-specific resources to refer to.

She estimates reading and background research is the most time-consuming part of the process, taking up to six hours. Then there are meetings with her managers and the employee to discuss the feasibility of the new role and how it impacts on the customer base.

Although her company tries to be accommodating, not all flexible-working requests can be accepted. Kate then has the difficult job of informing the employee of the decision to reject their request, and offering an invitation to appeal.

The businesslink.gov.uk website has provided her with a useful resource, enabling her to know the practicalities of granting a flexible working request, her own rights when rejecting a flexible working request, as well as the rights of the employee. There is also an up-to-date template for her to follow in order to make this process quicker and easier for her, it has given her a pre-formatted procedure ensuring that all the correct steps are taken. Kate describes Business Link as “good” and claims it has a purpose in the day-to-day running of any business.

* The person interviewed for this case study did not wish to be identified. Her name has been altered accordingly.

Other Employment Law simplification measures

- The Amendments Regulations to the Conduct of Employment Agencies and Employment Businesses Regulations 2003 came into force in April 2008. These amendments include a reduction of some of the administrative requirements on employment agencies relating to the provision of information about (and to) hirers, where the duration of assignments is short, leading to an administrative burden saving of £6m per year.
- The abolition of the Older Workers Development Rate (National Minimum Wage regulations) in October 2006 generated administrative burden savings of £5m.
- We are working to increase awareness and understanding of requirements associated with employment agencies, in order to deliver savings to business by 2010.

3.3 Better corporate governance, saving time and money for companies.

Company Law sets the framework within which companies (and other entities) are formed, financed, operated and managed. The effectiveness of the framework impacts directly on the competitiveness of every company in Britain, because it affects the cost of doing business as well as the investment climate.

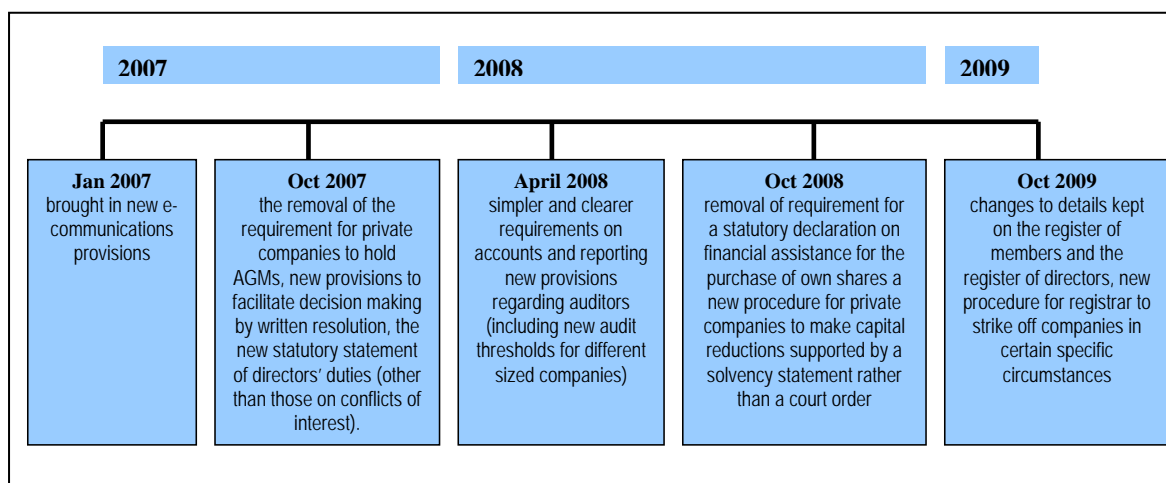
Implementation of the Companies Act 2006

The Companies Act 2006 is one of the high profile policy reforms, which is driven by “Think Small First”, a key element of the Government’s Enterprise Strategy.

As a result of the Companies Act 2006, which includes a range of deregulatory measures, company law has been substantially rewritten to make it simpler, easier to understand and more flexible – especially for small businesses.

For example, there will be separate and simpler model Articles of Association for private companies, reflecting the way small companies operate and we have set out a separate, comprehensive “code” of accounting and reporting requirements for small companies.

Total administrative burdens reductions arising from implementation of the Companies Act are projected to be close to £300m per year.



Many of the key simplification measures under the Act, such as those relating to electronic communication and resolutions and meetings were commenced in 2007. Other measures such as the abolition of the requirement for private companies to appoint a company secretary and the repeal of restrictions on financial assistance for the acquisition of shares in private companies took effect in 2008. The Act will be fully implemented by October 2009, when remaining measures to simplify processes for smaller companies will come into effect.

Companies Act – abolition of the requirement to appoint a company secretary.

Private companies will benefit from the abolition in April 2008 of the requirement for them to appoint a company secretary. Preliminary evidence suggests:

1. 50% of new private companies incorporated in October 2008 did not include the appointment of a company secretary; and
2. there have been 33,000 resignations of a company secretary (without appointment of a replacement).

The Companies Act 2006 makes it much easier for all companies to communicate electronically, either by email or another electronic form or through a website. The provisions facilitating electronic communication were implemented in January 2007, and most companies are now in their second year of communicating with shareholders under the new regime.

Most quoted companies communicate with shareholders through company registrars. Three leading company registrars, Computershare Investor Services, Equiniti and Capita Registrars, estimate that in 2008 more than 75% of shareholders consented to website communication. Another 10% opted for electronic communication.

BERR is projecting overall savings to be £76 million per annum, higher than the £66m projected in the 2007 Simplification Plan, in the light of evidence from the company registrars.

Whilst the electronic communications provisions impact on a large number of administrative burden information obligations, reflecting the numerous occasions on which companies need to communicate with their shareholders, the most significant impacts relate to the printing and distribution of the annual accounts and reports. This is particularly true of quoted companies who may have many thousands of members

Companies Act – Facilitating electronic communications with shareholders.

All over the world, airports deploy sophisticated security equipment to ensure passenger safety. Much of that high tech equipment comes from Smiths, a global technology company – employing 20,000 people in 50 different countries – delivering a wide range of products and services to a variety of different fields.

As a listed company, communication with the company’s shareholders is an important part of the company’s remit. And one of the many benefits of the Companies Act 2006 is the opportunity for companies to make greater use of electronic communication with its shareholders.

“For our Annual Report, 2006 we printed 35,000 copies to send out to our shareholders” explains Chris Fox, Director of Group Communications at Smiths. “But for the subsequent year, we only needed to print 8,000 copies.”

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

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

Other related Simplification Measures

In addition to the reforms to the company law framework under the Companies Act 2006, there are a number of other simplification initiatives:

- Companies House – automated services through My Companies House, with individual company portals.

Companies Act – My Companies House

On behalf of the Chamber I update Companies House with details for new directors and updating the annual list before our AGM. I have found that the electronic filing system which has been adopted by Companies House is so much better, quicker and easier to organise, saving me a day’s worth of time.

As I am of a mind to keep my filing as electronic as possible, there is now no need for a large lever arch file to store information. I also now find it easier to get the Directors to respond to my requests for updated information. Having an easy-to-use streamlined system means that I can comfortably fit it in with everything else that I have to do.

(Lisa Nightingale, Portsmouth Chamber of Commerce)

- The Limited Partnership Legislative Reform Order will modernise limited partnership legislation (through the repeal of the Limited Partnerships Act 1907) to facilitate the use of limited partnerships as

vehicles for investment funds, leading to a net reduction of £8.3m in administrative burdens.

- The application of the new accounts and audit provisions of the Companies Act 2006 to Limited Liability Partnerships (LLPs) lead to a reduction of £0.9m in administrative burdens.
- Joint filing – project with Her Majesty’s Revenue and Customs on data sharing, joint filing and a single business identifier.
- Contributing to the development of corporate governance simplification measures in the EU Simplification Plan, announced last year.

3.4 Simpler consumer law for traders and intermediaries

Consumers may not be able to make the right decisions as they have less information about goods and services than the sellers they are purchasing from. Also the complexity of terms and conditions may mean that they are unable to make right decisions. Hence a body of law has developed to protect consumers by giving them rights in transactions as well as obliging sellers to provide sufficient information in prescribed formats. Simplification in this policy area is aimed at maintaining existing consumer protections whilst minimising the burdens on business.

Implementation of the EU Unfair Commercial Practices Directive

The implementation of the EU Unfair Commercial Practices Directive (UCPD) through the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) in May 2008 introduces a general duty on traders not to treat consumers unfairly⁶.

In particular, it obliges businesses not to mislead consumers through acts or omissions; or subject them to aggressive commercial practices such as high pressure selling techniques. It also provides additional protection for vulnerable consumers who are often the target of unscrupulous traders⁷.

Provisions in 23 pieces of legislation have been repealed partially or wholly, including most of the Trade Descriptions Act and the Consumer Protection Act Part 3 (misleading price indications). Therefore, complicated consumer

⁶ The EU Unfair Commercial Practices Directive (UCPD) was transposed into UK law through the Consumer Protection from Unfair Trading Regulations 2008 (CPRs, SI 008/1277). The Regulations came into force on 26 May 2008, following extensive consultation with all the stakeholders on the implementation of the Directive.

⁷ For example, under old pricing rules for a retailer to claim a specific price reduction the goods should have been sold at the higher price for 28 consecutive days in the previous 6 months. This could impede businesses from holding a weekend sale at which all their goods are reduced by specified percentage of their normal selling price. This is because not all goods may have been on sale in the store for 28 days. Under the CPRs this is unlikely to be unfair provided those goods had been on sale at the higher price prior to the sale and would continue to be sold at the same higher price after it ended. But the CPRs should also stop the practice of selling goods at an artificially high price for 28 days and then reducing the price for the following 5 months. This is because this practice may mislead consumers into believing the higher price is the usual price at which the goods are sold, when clearly this is not the case.

law has now been simplified, making it easier for consumers and business to understand, and for enforcers to enforce.

In August this year, the final BERR/Office of Fair Trading (OFT) Guidance on Consumer Protection from Unfair Trading Regulations 2008 was published. The Guidance intends to help traders to comply with the CPRs and how CPRs may apply in practice. It will also be of use to enforcers, and to consumer advisors in understanding what actions are prohibited.

Therefore, as a result of these measures we had estimated that – provided that businesses adjusted their behaviour accordingly – these savings would amount to a net £216 million per year in our 2007 Simplification Plan. However, while welcoming the measure, stakeholders are currently unable to validate the level of savings achieved. Work is continuing with business to come to a view on what level of saving may be attributed to UCPD. We will be working on developing positive case studies and placing articles in relevant publications to influence more businesses to take advantage of the new flexibilities.

Unfair Commercial Practices Directive

“I welcome this new law. Legitimate businesses should no longer have to face unfair competition from firms who use underhand tactics to get ahead. These regulations will create a level playing field for all, allowing businesses to thrive based on merit and not on who is best at duping or pressuring consumers.”

(John Wright, Chairman of the Federation of Small Businesses)

“We welcome the less prescriptive approach to price law that has resulted from the implementation of the Unfair Commercial Practices Directive into UK law. The ability to use a wider variety of promotional offers, provided that they do not mislead, should over time provide the opportunity for greater innovation which can only be good for business.”

(Harold Gay, Legal Department, Alliance Boots Ltd)

Reforming Consumer Credit

The Consumer Credit Act 2006, which has now been fully implemented, makes amendments to existing consumer credit laws to better protect consumers and create a fairer, clearer and more competitive consumer credit market. As an example of making rapid changes to existing regulations, which may have unintended consequences, a Legislative Reform Order was laid in Parliament. This addresses some unintended consequences of provisions introduced by the Consumer Credit Act 2006 and ensures that the original policy objectives are achieved. It provides:

- a specific exemption for buy-to-let lending to ensure that, when the £25,000 financial limit is removed in April 2008, such lending meeting the new definition will not become a regulated activity;
- clarification that statements should cover consecutive periods of not more than one year and be given within 30 days of the period they cover; and
- definitions of “payments” for the purpose of issuing notices of sums in arrears.

The LRO provides clarity and certainty to business in these areas and avoids any unintended costs to business over and above those identified for the original policy.

Estate Agents and Redress Regulations

Estate agents play a key role as intermediaries in the housing market. As the buying and selling of property is of marked significance to buyers and sellers alike, estate agents can be the subject of complaints. Therefore, introducing a requirement for estate agents to belong to approved redress schemes as required by the Estate Agents (Redress Scheme) Order 2008, which was laid in Parliament on 1 July 2008, reduces the grounds for customers having complaints, reduces the cost of complaining and boosts confidence in the housing market.

BERR are examining the administrative burdens imposed by the secondary legislation implementing the Consumers Estate Agents and Redress Act in relation to pre-contract deposits and the provision of information. The impact of this legislation on handling of customer funds is likely to lead to a potential reduction in associated administrative burdens.

3.5 Industry Sectors

BERR’s industrial policy is based on the use of its unique knowledge of sectors, markets, companies, technologies and the regulatory framework to ensure that the UK is best placed to benefit from the challenges of globalisation.

In particular, amendments to legislation governing the construction sector are projected to lead to a direct reduction of regulatory burden of £5.8 million. Although the Construction Act has generally worked well, the review of the legislation has revealed that some improvements were necessary to make the existing legislation more effective; and these improvements would improve cashflow and reduce incidences of disputes. In introducing changes, a ‘light touch’ approach has been adopted, intervening only where it is clear that the legislation is not meeting the original objectives effectively. The proposed reforms will:

- improving certainty and clarity of cash flow; and
- encouraging parties to resolve disputes by adjudication rather than by litigation

More generally, on the basis of work carried out on behalf of the Office of Government Commerce (OGC), it is believed there are potential savings of roughly £1bn through improving the ability of firms in construction to manage cash flow better during construction projects.

Construction Order

Construction is one of the pillars of the national economy and accounts for 8.1 per cent of national gross value added. There are approximately 200,000 enterprises (of which 99 per cent are small or micro enterprises) active in construction contracting and consulting in England and Wales, employing approximately 2 million people.

Stakeholders welcome the proposed amendments to the Construction Act, which affect contracts in the construction supply chain (employer-contractor-subcontractor) and seek to make the system fairer, providing the often smaller parties to construction contracts (the sub-contractors) with greater certainty about what they will be paid and when. This will enable contractors to plan cash flow, address poor performance, and potentially improve liquidity and reduce the costs of servicing debt.

Where the parties disagree as to the amount to be paid, the proposed provisions will make it easier to refer the dispute to adjudication – a quick (28-day) dispute resolution regime. The reforms underpin more collaborative (less adversarial) working practices which help improve project delivery to time, to budget and to the right quality.

Another example of sector specific regulatory simplification is the abolition of the Wool Levy.

Ending the Wool Levy

Introduced in 1950, the Wool Textile Industry Export Promotion Levy was a statutory levy on wool processors and suppliers of fibre. The Levy monies were transferred to the National Wool Textile Export Corporation (NWTEC), which was set up to help promote wool textile exports to overseas markets. NWTEC has successfully promoted the profile of the wool textile industry in export markets, and utilises government support from UKTI and elsewhere.

However, over the years, parts of the wool industry became concerned about the compulsory nature of the Levy and wished to see it end, and the Department was keen to promote better regulation and reduce bureaucracy by removing outdated and unnecessary legislation. The Department therefore consulted all stakeholders on the future of the Levy. In the light of that consultation, Ministers concluded that the Levy should end from 1 October 2008 saving the 96 companies affected some £188,000 a year including admin burden costs and the Government some £32,500 in collection costs. Meanwhile, NWTEC will continue its operations and has set up a voluntary scheme starting in 2009, which companies can join and subscribe to, thus maintaining a coordinated, targeted and focused approach to wool textile export marketing.

3.6 Insolvency Service

Insolvency law protects the rights of firms, consumers and employees who are financial risk as a result of employers or other parties to contract becoming insolvent.

The Insolvency Service is working on a project to consolidate and modernise the insolvency secondary legislation, a project that is expected to deliver a new set of Insolvency Rules in October 2009. Amongst other things, the new rules will modernise the way in which insolvency proceedings may be administered by introducing initiatives to allow electronic communication between those involved in the process, the use of websites for sending documents to creditors, and greater flexibility in the media through which statutory meetings may be conducted. Ahead of that, in April 2009 amendments are proposed that will remove a mandatory requirement that exists to advertise key insolvency events in newspapers, by instead providing insolvency office-holders with a discretion to advertise such events only if they see some benefit to creditors from doing so. Some of these advertising changes are subject to a Legislative Reform Order that is due to be reviewed by the Parliamentary Scrutiny Committees imminently. These changes are expected to provide significant reductions in the cost of administering insolvency cases.

The Insolvency Service is also working on a further Legislative Reform Order which is expected to contain a number of proposals that link in with their

modernisation of the insolvency secondary legislation, by streamlining and providing greater flexibility in certain areas for insolvency practitioners in the private sector, as well as for official receivers, who administer the various insolvency processes. This is likely to include a proposal to reduce the burden on insolvency practitioners who administer Individual Voluntary Arrangements (IVAs) by reducing the requirement to file notices at court.

The use of LROs

In January 2007, the Legislative and Regulatory Reform Act 2006 (LRA) came into force. It aims to make it quicker and easier to tackle unnecessary or over-complicated legislation and help bring about a risk-based approach to regulation.

The powers allow ministers to create a Legislative Reform Order (LRO) to:

1. remove or reduce burdens; and
2. ensure that regulatory functions comply with the five principles of good regulation.

BERR have had involvement with 7 LROs so far and have laid 2 across government.

1) 1974 Consumer Credit Act Amendment – Page 22.

2) The Legislative Reform (Insolvency) (Advertising Requirements) Order 2009 – Page 25.

3.7 New Burdens

Our 2007 Simplification Plan identified new administrative burdens of £109m⁸ per year, consisting of:

- implementation of the EU Waste Electrical and Electronic Equipment Directive (£31m);
- extension of flexible working to carers (Flexible Working Regulations 2006) (£12m);
- implementation of the Consumer Credit Act 2006 (£38m);
- introduction of the statutory entitlement to (additional) annual leave (£14m);
- restriction of the use of hazardous substances in new electrical and electronic equipment (£7m);
- new company law audit requirements (£5m); and
- the implementation of the EU Batteries and Accumulators Directive (£1m).

⁸ This has been revised downwards from £132m in the 2007 Simplification Plan as a result of the application of the deregulatory measure contained in the Walsh Review to the new burden for extending flexible working to carers, which is reduced to £12m from £35m.

This Simplification Plan acknowledges an additional £4m in new burdens per year attributable to:

- the Walsh review (£4m).

The overall total for new burdens by 2010 is therefore £113m per year.

4 Administrative Burden Reduction Trajectory

The charts below illustrate BERR's progress towards its achieving its targeted net reduction of 25% against its administrative burdens baseline by May 2010.

Chart 1 points to the step change in the level of administrative burdens savings from August 2008, as a result of reductions in administrative burdens recorded by the survey on the Employment Law Guidance Project. There will also be savings from the reforms to the statutory dispute resolution processes due to be implemented in April 2009. These findings are also shown by Chart 2, which also points to large peaks in savings in August 2008 and April 2009.

Chart 1. Administrative burdens reductions (£m)

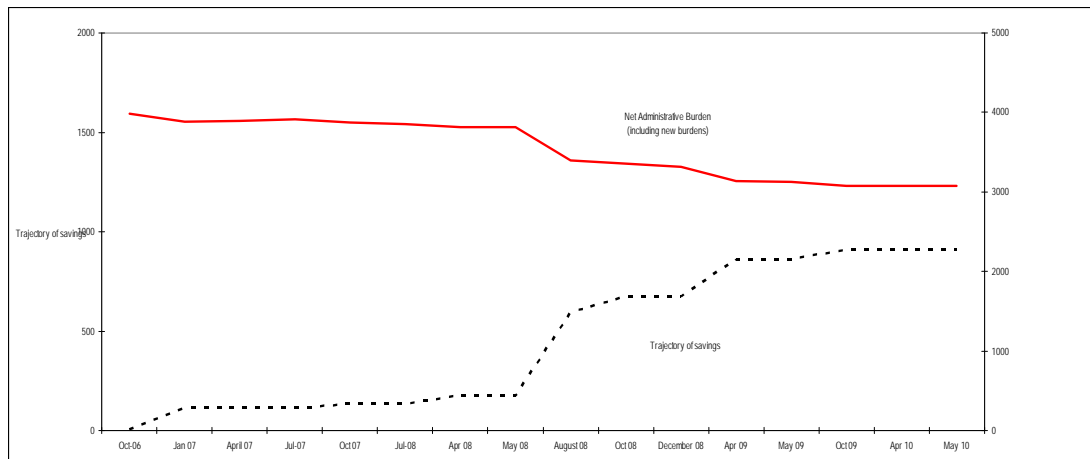
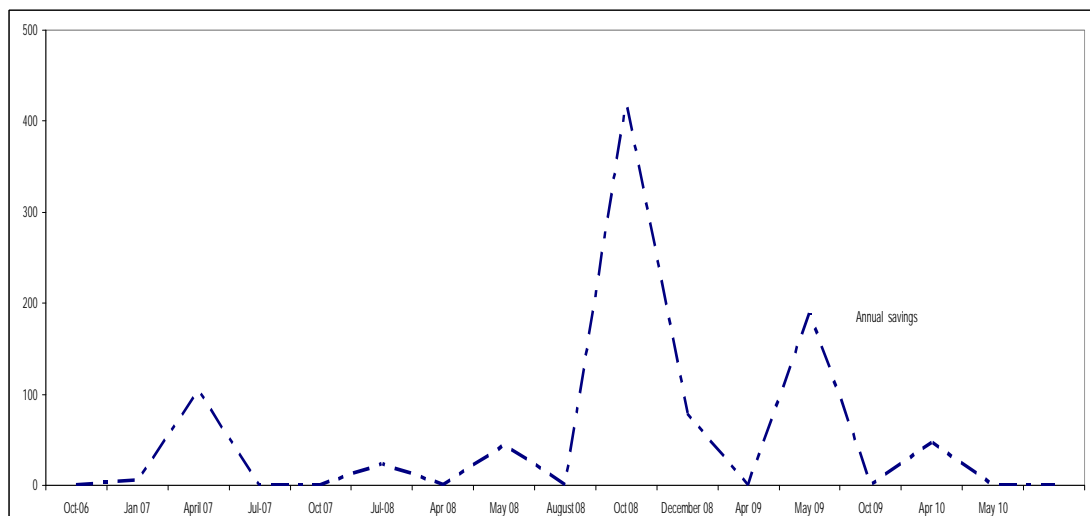


Chart 2. Annual savings (£m)



5 Public Sector

Last year, the Government published its strategy for reducing bureaucracy for front-line public sector workers, which will drive increased efficiency in the delivery of public services⁹.

BERR does not impose significant burdens on public sector workers. In common with other Departments we have attempted to identify those information requirements which we do make on front-line workers. We originally identified a small number of information requests made to local authorities, to the Civil Nuclear Police and to Acas – a total of 21 datastreams.

With the introduction of the new Local Government Performance Framework in April 2008, 6 of these datastreams are no longer required. Responsibility for the Civil Nuclear Police transferred to the new Department of Energy and Climate Change in October 2008. This leaves only the 5 information requests made to Acas. These are listed in the Simplification Tables below (Table iv) – most are requests for financial management data associated with our duty to ensure that the Organisation is being properly run.

In addition, some of the initiatives that we have reported on elsewhere in this Simplification Plan will have the effect of reducing burdens on public sector workers. For example, the proposals by the Insolvency Service on simplified IVAs reported on Page 25 would also reduce the requirement for the courts service to open a file for each IVA as is currently the practice. There is also strong evidence in the survey conducted on admin burdens in the employment area supporting the view that employers in the health and education sectors are benefiting from the employment law guidance projects in the same way that other employers are.

6 Third Sector

The Government is also committed to reducing regulatory burdens on the third sector. BERR is not responsible for regulation placing significant specific burdens on the third sector. However, third sector organisations are affected by general regulation in areas such as employment and company law in the same way as other employers. For example, the Employment Guidance Programme has received positive feedback from third sector stakeholders.

7 Small Firms

In the 2008 Enterprise Strategy, the Government committed to a new approach to the way that new and existing regulation applies to firms that employ fewer than 20 people; to consider simplified or more flexible

⁹ <http://www.berr.gov.uk/bre/benefits/public-sector/page44022.html>

approaches to find the most effective way to meet intended outcomes and minimise burdens.

BERR's Better Regulation Executive and its Enterprise Directorate have worked closely with Whitehall departments and agencies in developing and providing guidance and examples to policy officials to help them do this. There are changes to the Small Firms Impact Test (SFIT), which contains more information on how to consult smaller firms and describes the types of issues to explore in assessing whether or not alternative approaches may be appropriate. There are also changes to the Impact Assessment (IA) toolkit, which now contains information on how to carry out a more robust assessment of why the proposal does or does not apply to small firms, and what consideration has been given to simplification measures. Policy-makers will also need to consider carefully the needs of small businesses when publicly consulting on regulatory proposals. In the evidence base section of the Impact Assessment there will be more analysis of how small firms will be treated under the proposed legislation; for example, consideration of risk-based enforcement, or more targeted guidance, through to simply not placing the requirement on small firms.

Government adopted this process for all secondary legislation measures for the legislative programme for 2008/09 on 3 December 2008. It will also apply to primary legislation from the start of parliamentary year 2009/10 onwards.

Table 3. Simplification Measure for Small Firms

Companies Act 2006

1. Rewriting company law to make provision which apply to small companies easier to understand and comply with.
2. Improved guidance and Companies House website.
3. Abolishing statutory Annual General Meetings for private companies.
4. Making it easier for small private companies to take decisions by written resolution.
5. Separate and simpler model articles of association for small private companies.
6. Separate code of accounting and reporting requirements for small companies.

Partnership Law

1. Simpler accounting and auditing requirements for limited liability partnerships.
2. Modernised limited partnership legislation.

Employment Law

Employment Law Guidance Project: online tools located on businesslink.gov, which targets small firms.

Consumer Law

1. Implementation of the Unfair Commercial Practices Directive.
2. Simplifying procedures that estate agents have to follow.

8 Wider Links

IMPLEMENTING THE HAMPTON REVIEW

The BRE leads across government on implementing the Hampton Report, which called for regulators to enforce regulation on the basis of risk so that resources are targeted towards areas where the risk to society is greatest.

The Regulatory Enforcement and Sanctions Act 2008

Risk-based enforcement forms the basis of the Regulatory Enforcement and Sanctions Act, which received Royal Assent in July 2008. This new Act, staged to take effect over the October 2008 and April 2009 Common Commencement Dates, has established a new Local Better Regulation Office (LBRO) to work with local authorities and Government to keep the burdens of regulation on compliant business to a minimum. It will also introduce a scheme to bring a greater consistency of enforcement by Local Authorities. The Act also gives regulators access to a range of civil sanctions as an alternative to criminal prosecution. The powers, which will be granted by Ministerial Order, will allow regulators to tackle non-compliance in more proportionate and flexible ways, as well as removing the financial gains that accrue to businesses that deliberately seek an advantage through non-compliance.

Furthermore, the Retail Enforcement Initiative, which was managed by the BRE until its transfer to the LBRO in September 2008, promotes risk-based enforcement by providing a framework for collaborative working between local authority trading standards, health and safety, environmental health, alcohol licensing and fire safety regulatory services.

Another policy instrument for risk-based enforcement is the Regulators' Compliance Code, which came into force in April 2008 under the powers of Part 2 of the Legislative & Regulatory Reform Act 2006. It is a statutory code of practice which is intended to ensure inspection and enforcement is risk-based, proportionate and targeted so that regulators can become more efficient and effective in their work and deliver real benefits to low risk and compliant companies. The Code will also enable regulators to secure better compliance with regulations through proactively using targeted advice and guidance to help companies to understand and meet legal requirements more easily, as well as responding proportionately and flexibly to non-compliance.

Hampton Implementation Reviews

The NAO and BRE developed a framework for a process of external review of regulatory performance in 2006-07. In 2007, five major national regulators, including the OFT, were assessed under the process of "Hampton

Implementation Reviews". Review teams' assessments of individual regulators were published in March 2008¹⁰.

A further 31 national regulatory bodies are to be reviewed starting in October 2008 and ending in September 2009. The BERR family organisations to be included in the next phase are, Companies House, the Insolvency Service, the Financial Reporting Council and the Employment Agencies Standards Inspectorate.

Hampton Mergers

The Hampton report also recommended streamlining the number of regulatory bodies in the UK through a series of mergers. All of the mergers involving bodies within the BERR family have now been carried out, with the exception of the merger of the Hearing Aid Council with the Health Professions Council which will be completed in March 2009.

BERR-LED CROSS GOVERNMENT INITIATIVES

BERR is the lead Department for two major cross-Whitehall administrative reform programmes:

Business Support Simplification Programme

Budget 2006 announced that by 2010 all publicly funded business support schemes, which had grown to more than 3,000, would be streamlined to a single portfolio of less than 100 consistently managed, marketed and monitored products with Business Link as the main route for businesses to access support. In October 2008, it was announced that 30 products would sit in a streamlined portfolio called "Solutions for Business – funded by government". The portfolio, which will be in place by March 2009, has a strong evidence base with products to address generic business issues such as finance, innovation and skills. As well as Business Link being the main access route, the "Solutions for Business" badge will make it easier for companies to recognise publicly-funded products while tighter targeting of products will increase outcomes for business, and be more cost efficient for government providers.

Prior to "Solutions for Business" government provided support in many forms, from different Departments and at a national, regional and local level. A simpler system is key to helping businesses start, grow and succeed - whatever the economic circumstances. Strong performance management will ensure the portfolio stays small yet responsive if required with new products being either added or subtracted. By 2010 all non "Solutions for Business" products will either have closed, or be scheduled to close, thus ensuring effective support for business.

¹⁰ The OFT was one of five major national regulators assessed (the Health and Safety Executive, Food Standards Agency, Financial Services Authority, Environment Agency were the others) which was subject to a Hampton Implementation Review.

Implementation of the Services Directive

The EU Services Directive aims to break down administrative barriers to cross border trade in services between EU Member States, making it easier for service providers, particularly small and medium sized enterprises, to:

- set up business and offer services in other Member States; and
- provide services temporarily and/or at a distance in other Member States.

The Directive was adopted at the end of 2006 and Member States are required to implement it by 27 December 2009. BERR is responsible for coordinating the implementation of the Services Directive with colleagues across Whitehall, the Devolved Administrations, Local Authorities and Regulators.

BERR consulted on its proposals for implementing the Directive in the UK and published its response to consultation in June 2008.

There are four main parts to the Directive:

- screening - ensure all legislations/licences and administrative practices relating to service providers comply with the Directive, meaning remove or amend any laws and practices which create unjustifiable barriers to trade;
- point of single contact - setting up an online portal through which businesses will be able to complete the formalities and procedures needed to set up a business or provide a service on a temporary basis;
- mutual assistance – Regulators will be enabled to co-operate more efficiently with their counterparts in other Member States. This will mean fewer burdens on business e.g. checking documentation; and
- quality of services – the Directive also includes provisions on rights for service recipients, such as making information on redress schemes more readily available.

Each Member State is also required to report to the Commission at the end of the implementation period on the results of their review of legislation and practices, and each report will then be peer-reviewed by other Member States in the first half of 2010.

Achieving the full benefits of the Directive (estimated to be worth about £4bn – £6bn per year to the UK economy) will only be achieved if there is effective implementation across the EU. We are therefore continuing to work closely with the European Commission and other Member States in developing a common understanding of particular issues in implementation. In particular, we continue to take an active part in the series of working groups organised by the Commission to discuss aspects of the Directive and share best practice, and we have held bilateral meetings with several other Member States.

European Better Regulation agenda

At the Spring European Council in March 2007, Heads of Government unanimously agreed to set a target to reduce administrative burdens arising from EU legislation by 25 per cent by 2012. To make this ambitious target a reality, the European Commission identified 41 pieces of legislation across 13 policy areas, including company law, which would be subject to administrative burden measurement and subsequent reduction.

Following intensive engagement of the Department with the EU institutions, the European Commissioner for the Internal Market, Charlie McCreevy, announced his decision to bring forward a proposal to give Member States the option to exempt micro-entities from the requirements of the European Accounting Directives in September 2008. As the Department argued, these Directives were designed for much larger companies and represent a disproportionate burden on micro-entities, the vast majority of which do not engage in cross-border trade. The Government has estimated that such a measure could save UK business approximately £220m per year. BERR will continue to work with the European Commission and other Member States next year to press for the swift adoption of the proposal.

In June, the European Commission published the EU Small Business Act which aims to create a more SME (small and medium-sized Enterprises) friendly business environment and embed the "Think Small First" principle in EU policy-making. The Department lobbied hard to ensure that measures to improve the regulatory framework in which SMEs operate were included, and the European Commission's commitment to adopt the UK's system of Common Commencement Dates for EU legislation as part of this initiative, was therefore a welcome step. Under the UK system, the Government introduces legislation affecting business on two specific dates each year. This makes it much easier for companies to prepare for upcoming regulatory changes, helping them to plan and budget for new measures more effectively. Extending this approach to EU legislation would increase the existing benefits of the UK system by making it much more comprehensive.

Furthermore, the EU Small Business Act states that the Commission will introduce two other instruments that BERR pushed to be included in the Act in order to support small businesses in the current economic climate. These are:

- an SME-Test for all new policy proposals, which will require the potential impact of new directives and regulations on SMEs to be closely scrutinised; and
- routine consideration of special measures that could ease the burden on SMEs, such as exemptions and transition periods.

The Department considers such initiatives to be particularly important, as the benefits of reducing existing administrative burdens will be negated unless the flow of new burdens is kept in check.

Influencing in Europe

We have had significant successes in influencing policymaking in Europe to ensure that policy proposals which have high costs do not become formal EU legislative measures. For example, in negotiating the Batteries Directive, we drew heavily on the views of cross-sectoral stakeholder groups, and allowing industry views to be fed into our negotiations. This arrangement helped us to deliver more manageable battery collection targets, and to avoid a ban on certain battery types. The potential burden was reduced by an estimated £200 million, to the benefit of UK business.

More recently, BERR engagement with the European Commission resulted in the clarification of the text of the Batteries Directive through an amendment, which removed the need for hundreds of millions of batteries to be scrapped before they had been sold, saving many millions of pounds across the EU. When implementing the Batteries, End-of-Life Vehicles, and Waste Electrical and Electronic Equipment Directive, we have continued to use the stakeholder groups as valuable sounding boards when developing our transposing legislation.

Working with Other Government Departments

BERR is working with other Government Departments to ensure that the voice of business and the views of other BERR stakeholders are fully taken into account during the development of policy.

Major initiatives include:

- working with the Department for the Environment, Food and Rural Affairs (Defra) and the new Department of Energy and Climate Change (DECC) on the climate change and energy agenda, ensuring that impacts on economic competitiveness are given due regard;
- working with Defra, CLG and DCMS on the Strategy for Sustainable Construction; and
- working with CLG to extend permitted development for most micro-generation energy technologies to non-domestic buildings meaning that business will not have to apply for planning permission pre-installation¹¹.

BERR officials are also supporting the newly established independent Risk and Regulation Advisory Council, which:

- works with Ministers and senior civil servants to develop a better understanding of public risk, and how best to respond to it, through a series of workshops which consider both good and poor practice;
- works with external stakeholders to help foster a more considered approach to public risk and policy making.

¹¹ The CLG Impact Assessment on changes to permitted development rights for householder microgeneration states that in the household sector this has saved around £875 per application (£150 planning application, £725 transaction costs). <http://www.communities.gov.uk/publications/planningandbuilding/microgenerationia>

9 Quality Assurance

BERR is responsible for promoting and maintaining the right corporate mindset on regulation and policy making – to this end its better policy making culture change programme is promoting high quality impact assessment (IA) and effective stakeholder engagement.

BERR economists continue to be engaged in cross-Departmental initiatives including the development of the methodology underpinning the proposals for the rollout of regulatory budgets from next year.

The major projects which are contained in the Simplification Plan are run according to tight project management disciplines, overseen by the Administrative Burdens Delivery Group and which is comprised of senior officials.

Furthermore, BERR is undertaking an extensive effort to validate the savings projected by this Simplification Plan. In particular:

- ORC International was engaged following an open tender process to monitor the impact of the tools and improved guidance underpinning the Employment Law Guidance Programme.
- BERR has held an external Business Panel to validate the savings projected for the implementation of the Unfair Commercial Practices Directive.
- A detailed evaluation plan is being formulated in order to assess the impact of the Companies Act 2006, with interim surveys of companies being undertaken.

BERR as the voice for business is proactive in communicating with stakeholders on its policies. BERR's Ministerial Challenge Panel chaired by the BERR Minister for Better Regulation is a key part of this and the Panel is highly rated for its role in opening up policy development to external challenge. In addition, the key industry sectors – including vehicles, chemicals, biotechnology and retail – have stakeholder forums where business and officials meet regularly to examine all of the regulatory issues affecting their sector.

BERR has a good reputation on consulting with stakeholders, with last year's Strategy for Sustainable Construction consultation representing an example of best practice, as it involved an extensive programme of engagement with the stakeholders over 18 weeks. Every effort was made to raise awareness of the consultation by holding 25 workshops and by publishing the consultation document on the BERR website.

10 Next Steps

The Simplification Plan is a rolling work programme. We will continue to update it with further proposals to remove administrative burdens and to simplify both existing and new regulations.

There are various workstreams in the pipeline to monitor and evaluate the impact of simplification measures, particularly on dispute resolution reforms (which will come into force in April 2009) and employment law guidance.

In early 2009, BERR will be consulting on deregulatory measures associated with the implementation of the EU Consumer Credit Directive.

ANNEX A: CHANGES FROM 2007 SIMPLIFICATION PLAN

Adjustments to the BERR Baseline:

1.1. On 3 October 2008, the Department of Energy and Climate Change (DECC) was created bringing together energy policy from the Department for Business, Enterprise and Regulatory Reform (BERR) with climate change policy from the Department for Environment, Food and Rural Affairs (Defra). As a result, the simplification measures targeted in the energy sector for which BERR was previously responsible have been transferred to DECC.

1.2. In examining the PwC data for further simplification opportunities, we found two instances where the data appeared to significantly overstate the real burden. First, as part of the European Commission's review of administrative burdens, it was found that the UK estimate of the time taken to comply with an information obligation in the End of Life Regulations 2003 was recorded as significantly different from European estimates. By ensuring consistency the baseline was revised downwards by £15m. Second, as part of the work on implementing the EU Consumer Credit Directive, it was found that an information obligation in the Consumer Credit (Disclosure of Information) Regulations 2004 was quantified on the basis of 100,000 companies being affected. Evidence suggests that only 5,000 companies have to comply, leading to a downward revision to the baseline of £105m.

Detailed Tables

Contents:

| | |
|---|-----------|
| (I) GRID OF DELIVERED MEASURES..... | 40 |
| COMPANY LAW AND ACCOUNTING | 40 |
| EMPLOYMENT LAW | 43 |
| COMPETITION POLICY AND CONSUMER LAW | 46 |
| HALLMARKING..... | 48 |
| HAMPTON IMPLEMENTATION..... | 49 |
| (II) SIMPLIFICATION GRID | 51 |
| COMPANY LAW AND ACCOUNTING | 51 |
| EMPLOYMENT LAW | 53 |
| COMPETITION POLICY AND CONSUMER LAW | 56 |
| INSOLVENCY | 61 |
| BUSINESS AND INNOVATION | 63 |
| SMALL BUSINESS MEASURES | 64 |
| COMPETITION COMMISSION | 66 |
| ENERGY | 67 |
| (III) REGULATORY FLOW GRID | 68 |
| EMPLOYMENT LAW | 68 |
| COMPETITION POLICY AND CONSUMER LAW | 70 |
| (IV) PUBLIC SECTOR STRATEGY | 73 |
| TRADING STANDARDS AUTHORITIES | 73 |
| ARBITRATION AND CONCILIATION SERVICE (ACAS) | 73 |
| CIVIL NUCLEAR POLICE | 74 |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|---|--|--|--|---|--|
| Company Law and Accounting | | | | | |
| 1. Simpler law for smaller firms | Complex, inaccessible law. | Rewrite to “think small first” and simplify, with clearer structure and language. Produce better guidance. | Lower agency costs, increased confidence in regulatory environment, increased compliance - benefiting SMEs in particular. | Reduction in the Company Law of administrative burdens of £44m between Jan 2007 and Oct 2008. (of which the take up of increased EU thresholds for accounting and audit exemptions produce an administrative burden saving of £26m). | Some measures came into force Jan 2007 and April 2008. Statutory Instruments implementing other provisions of Companies Act come into force in October 2008. |
| 2. Remove requirement for private companies to hold AGM | Obligation to hold an Annual General Meeting, Procedures for written resolutions and informing shareholders. | Abolish requirement for private companies to hold AGM. Modernise company decision-making processes. | Annual savings for 500,000 – 750,000 firms; benefits from greater shareholder engagement. | This is a saving on PwC figures of £45m (assuming that 50% of companies will continue to hold AGMs). | Companies Act 2006 provisions came into force January 2007. |
| 3. Remove requirement for private companies to appoint company secretary | Requirement to appoint a company secretary. | Abolish requirement to appoint a company secretary for private companies. | Around 60,000 private companies could save £50 - £100 per year (although in wider cost savings, not administrative burdens). | Savings of £0.3 – 0.6m policy costs. | Companies Act 2006 provisions came into force April 2008 since when 30,000 companies (35% of new registrations) have registered without a company secretary. |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|--|---|---|--|--|---|
| 4. Electronic communication with shareholders | Company law obligation for paper communication with shareholders. | The Companies Act 2006 facilitates electronic communication. | Large companies incur costs of £100k - £400k per mailing. Speed increases market efficiency. | Around £76m savings against PwC figures. | Companies Act 2006 provisions came into force January 2007. |
| 5. Capital Maintenance | Complex rules on capital maintenance and share provisions. | Simplify; and abolish "financial assistance" rules for private companies. | Will save private companies from incurring advice and transaction costs. | Saving on PwC figures of £68m by removing the need to comply for private companies. See also grid ii) line | Companies Act 2006 provisions come into force October 2008. |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|---|---|--|--|--|--|
| <p>6. Other Companies Act measures including codification of directors' general duties</p> | <p>Other measures from the Companies Act. Directors' general duties are contained in case law and not always well understood.</p> | <p>For example, simplifying written resolution procedures The Companies Act 2006 also introduces a statutory statement of director's duties. Codification of directors' duties will make the law in this area clearer.</p> | <p>More predictable and comprehensible law for private businesses. New conflict of interest rules - easier for directors to exploit outside opportunities.</p> | <p>Admin burdens savings according to PwC figures: £5m. (See also grid ii) line 16) Policy savings of £30-105m predicted from codification of directors duties (assuming that 8-12% of companies no longer need to take legal advice.)</p> | <p>Companies Act provisions in relation to directors duties and written resolutions came into force in October 2007.</p> |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|---------------------------|---|---|--|---|---|
| Employment Law | Revisions to employment law and guidance. | | | | |
| 7. Guidance | <p>There is business demand for better, clearer, streamlined advice and guidance on employment law generally. For example, CBI recommended that Government should review and simplify guidance material on employment matters. PwC's estimates of the costs of a number of employment law information obligations also suggested business was spending more money than is necessary to comply with the law.</p> | <p>Promoting greater awareness and use by business of simplified guidance and easy to use online tools. These cover a number of common areas of employment law – including preparing a written statement of employment terms; dealing with flexible working requests; and managing the rules on working time.</p> <p>Promoting wider culture change messages to help businesses to eliminate common areas of duplication and over-compliance – for example around records-keeping for the National Minimum Wage and Working Time.</p> | <p>Improved content, availability and awareness of guidance and wider culture-change messages around avoiding over-compliance to reduce the costs for business of understanding and meeting their obligations.</p> | <p>A survey of 1105 employers that replicated the PwC Standard Cost Modelling methodology found indicative savings of £418m for businesses complying with information obligations for written statements of particulars, flexible working, working time, National Minimum Wage and parental leave and calculation of redundancy payments. The Walsh Review on extending the right to request flexible working to parents of children under 16 is currently out for consultation. The review has recommended repeal of the formal process where an employer grants a request for flexible working. If implemented, this repeal would lead to an additional £10m reduction in administrative burdens.</p> | <p>New guidance, tools and proformas made available on BusinessLink.gov from 2005. Concerted marketing and promotion of guidance and wider messages on eliminating over-compliance throughout 2008 including direct contact with SMEs and via employer and trade associations. Recommendations of the Walsh review to be implemented in April 2009.</p> |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|-------------------------------------|---|--|---|--|---|
| 8. Vulnerable Agency workers | The information requirements in the Conduct of Employment Agencies and Employment Businesses Regulations 2003 on agencies supplying workers can be burdensome when workers are supplied for short term tasks (i.e. 5 working days or less). Short term assignments are frequent in the catering and hospitality sector. | The relevant provisions of the Conduct Regulations have been amended so that where agencies supply workers for short term assignments of 5 working days or less, the information requirements are substantially reduced. So the agency has to send a lot less information to both the hirer and the work-seeker for short assignments. | Employment agencies will benefit from reduced costs of complying with these information requirements. | Simplification of information requirements for agencies supplying workers on short term assignments will deliver £6m admin burdens savings. | Amending Regulations came into force on 6 April 2008. |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|---|--|---|--|--|---|
| <p>9. Maternity leave and pay</p> | <p>Businesses and individuals said that the variety and duplication of advice on maternity leave and pay on different Government websites caused confusion, whilst there is survey evidence of a lack of awareness of employer and employee rights, leaving some vulnerable to unwitting unlawful treatment of employees or conversely, overcautious compliance.</p> | <p>Government website advice has been revamped to remove duplication and ensure guidance that is streamlined, consistent and clearly targeted. The Business Link website now provides standard letter templates for employers, and an interactive tool to provide a personalised read-out of next steps, entitlements and obligations for both parties.</p> <p>Summary leaflets have been produced for both employers and employees setting out rights and responsibilities in a clear way.</p> | <p>All employers should find it easier to understand their rights and responsibilities and hence fulfil them more effectively. Employers are able to save management time by using standard letters to provide key information on maternity entitlements to employees.</p> | <p>Although PwC data did not estimate significant admin burdens in this area, employers have identified these issues as key irritants.</p> | <p>Consolidated guidance went Live on Business Link.gov in July 2008.</p> |
| <p>10. National Minimum Wage regulations</p> | <p>The cost of providing a written agreement for the hourly rates of the minimum wage to apply where the worker is taking part in accredited training in certain circumstances.</p> | <p>The cost of providing a written agreement for the hourly rates of the minimum wage to apply where the worker is taking part in accredited training in certain circumstances.</p> | <p>The cost of providing a written agreement for the hourly rates of the minimum wage to apply where the worker is taking part in accredited training in certain circumstances.</p> | <p>Admin burdens savings of £5.1m per annum.</p> | <p>Regulation abolished on 1 October 2006.</p> |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|--|--|--|--|--|---|
| Competition Policy and Consumer Law | | Benefits to businesses and consumers | | | |
| <p>11. Business to consumer advertising and marketing rules:</p> <p>Transposition of the Unfair Commercial Practices Directive</p> | <p>Overlapping regulatory requirements, especially with regard to information provided by business to consumers and enforcers.</p> | <p>Transposition of the Unfair Commercial Practices Directive: possible repeal and replacement of provisions in 22 pieces of consumer legislation with general duty not to trade unfairly.</p> | <p>Simpler legal framework; reduction in consumer detriment, and more level playing field for business. Internal market benefits from harmonised legislation. Potential net reduction in admin burdens due to easier familiarisation and innovation in business processes post-2009.</p> | <p>Close analysis of Information Obligations shows that net administrative burden savings arising from removal of statutory code of practice on price indications, and changes or repeal of 22 pieces of existing legislation could be up to £261m, however, stakeholders remain to be convinced. Therefore, the range of possible administrative burdens savings is 0 - £261m.</p> | <p>Consultation completed March 2007 Consultation on the draft regulations May 2007. SI laid before Parliament October 2007. Entry into force May 2008.</p> |
| <p>12. Consumer credit</p> | <p>(a) Requirement to provide running account credit account holders with statements every 12 months.</p> | <p>Possible removal by reforming Section 78 (4) and (5) of the Consumer Credit Act.</p> | <p>Simplification could save print and postage costs.</p> | <p>Up to £4m in saved print and postage costs according to PwC figures.</p> | <p>SI implementing the Consumer Credit Act 2006 laid before Parliament July 2007. Provisions come into force October 2008.</p> |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|---------------------------|--|--|---|---|----------|
| | (b) Requirement for lender to tell credit broker name and address of agency to which the lender has applied for information on financial standing. | Now redundant as duplicated elsewhere. Reform of Consumer Credit (Conduct of Business) (Credit references) Regulations 1977. | This measure will reduce confusion and duplication of effort amongst consumer credit providers. | £7.8m according to PwC figures. | |
| | (c) Requirement for a person who becomes or ceases to be a controller of a body corporate which holds a consumer credit licence to give the licensee notice of that fact within 14 days. | Further consideration as to whether this requirement could be modified or removed. | Simplification: Less confusion and duplication of effort. | £1.1m according to PwC figures. | |
| | (d) Providing the customer with a copy of the executed agreement each time they are sent a replacement credit card. | May be scope for modifying the requirement so that copies of agreements need only be sent at specified intervals and that the copies embody the terms and conditions current at the time the copy is sent. S85 of the Consumer Credit Act. | Reduced admin, including postage for consumer credit providers. | Estimates being established in discussion with stakeholders. (PwC administrative burden estimate of cost £0.21m). | |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|--|--|---|--|--|---|
| <p>13. Mergers</p> | <p>Out of date merger undertakings given under former merger regime (Fair Trading Act 1973).</p> | <p>Action with OFT and CC to release companies from undertakings under FTA regime that are no longer required.</p> | <p>Nine merger undertakings, involving twenty-one companies, were released by the Secretary of State on 8 February 2006. Further releases took place June 2006. Additional release granted in Jan-Mar 2007.</p> | <p>Cost savings will accrue to those companies bound by the undertakings, so will not be significant on an economy-wide scale. Approximate policy cost savings for business in not having to provide information to indicate compliance with undertakings is in the order of £600k per annum.</p> | <p>Direction by the Secretary of State.</p> |
| <p>14. Business to consumer advertising and marketing rules</p> | <p>a) Hallmarking: restriction on goods consisting of more than one metal. b) Problems with marketing unhallmarked goods made between 1920 and 1950.</p> | <p>Allow hallmarking of combinations of metals currently not permitted. Allow accurate description of old unhallmarked goods that meet minimum acceptable finenesses.</p> | <p>Producers and traders of mostly high design, high value items. Global marketing benefits. Unmet demand for mixed metal goods could account for 15% of high design market. Sales of precious / base watchstraps currently about £40m. Annual turnover in old unhallmarked goods about £7.5m.</p> | <p>Removes restrictions on companies.</p> | <p>In force April 2007.</p> |

(i) Grid of Delivered Measures

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | COST SAVING (ADMIN /POLICY) | DELIVERY |
|--|---|--|--|--|---|
| <p>15. Trading Schemes Regulations 1997</p> | <p>Low initial investment limit of £200 may lead to a delay in the time in which new direct sellers can become active and participate in the recognition programmes that are important in direct selling. Clarification of the legality of electronic contracts specifically around “printed warnings”.</p> | <p>Provisions of the regulations permit electronic contracting. Guidance to be issued that the documentary requirements of the 1997 Regulations are capable of being met electronically.</p> | <p>Potential savings for an estimated 200,000 new entrants of £1 to £1.50 per year. A reduction in the delay that may damage the revenue earning prospects of direct selling companies.</p> | <p>Administrative burdens savings up to £0.5m per year.</p> | <p>Direct Sales Association issuing guidance to members on the regulations Autumn 2007,</p> |
| <p>Hampton Implementation</p> | | | | | |
| <p>16. Merging DTI’s Companies Investigation Branch with Insolvency Services Agency</p> | <p>Enforcement – investigation and litigation costs.</p> | <p>Implementing the Hampton Report recommendation to merge DTI’s Companies Investigation Branch with the Insolvency Services Agency.</p> | <p>Consolidates regulatory expertise, with potential reductions in the cost of investigations and litigation. Shared accommodation, IT & HR services are expected to produce lower administrative costs.</p> | <p>Full access to the Insolvency Service case database will speed up case vetting.</p> | <p>Merger took effect in April 2006.</p> |

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|--|---|--|---|--|--|
| 17. Transfer engineering inspectorate functions on public safety to Health and Safety Executive | Regulatory inspections carried out by two bodies. | Meeting Hampton obligation to transfer the public safety inspection functions of the former DTI's Engineering Inspectorate to the Health & Safety Executive. | Detailed plans for the transfer of these functions and four associated posts have been agreed. Industry supports the change as a way of improving the effectiveness of inspection and enforcement and reducing inconsistencies. | Public and employee safety for the electricity industry will be enforced by a single body – HSE. This will lead to an integrated safety strategy and consolidation of reporting requirements | Effective from October 2006, ahead of Hampton 2009 deadline. |
| 18. Hampton implementation: HSE and the DTI's coal authority | Regulatory inspections carried out by two bodies. | Addressing Hampton recommendation on the Health & Safety Executive's role in inspection functions of the Coal Authority. | The former DTI and HSE agreed and are operating a policy of joint inspections in line with Hampton principles. | Public and employee safety for the coal industry will be enforced by a single body – HSE. This will lead to an integrated safety strategy and consolidation of reporting requirements. | Implemented June 2006 ahead of Hampton 2009 deadline. |

Previously Delivered Measures:

The DTI plan contained a table (iii) detailing a number of simplification measures delivered between January 2005 and May 2006. Responsibility for several of those measures has been transferred to DIUS as of June 2007, including all of the measures contributing admin burdens reductions. The remaining measures were all delivered prior to the creation of the new Department and so we have not included those measures in the BERR Plan. The original table can be viewed in the DTI Simplification Plan, available on the BERR website at <http://www.berr.gov.uk/whatwedo/businesslaw/better-regulation/simpplan/page35599.html>

(ii) Simplification grid

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | ESTIMATED SAVINGS (ADMIN/POLICY) | IMPLEMENTATION TIMELINE AND RISKS |
|--|--|--|--|---|--|
| Company Law and Accounting | | | | | |
| 19. Capital Maintenance | Complex rules on capital maintenance and share provisions. | Simplify procedures for capital payment for shares and allotting shares. | Will save private companies from incurring advice and transaction costs. | Saving on PwC figures of £1m by simplifying processes for private companies. | Companies Act 2006 provisions come into force October 2009. |
| 20. Other Companies Act measures | Other measures from the Companies Act. | For example, allowing a register of Directors to be kept anywhere. | Greater flexibilities for companies in keeping registers of directors and members. | Further admin burdens savings that are likely to result according to PwC figures: £32m . | Further measures in SIs coming into force, October 2009. |
| 21. My Companies House | Time consuming Companies House registration and database services. | Development of My Companies House and electronic services; individual company portals; access to wider range of services. | Reduced form filling and more efficient data handling. | On the basis of PwC figures, a saving of £17m is possible, representing a 5% reduction in costs of procedures to file information. | Implementation in stages from 2010 (following implementation of the New Companies Act). CHIPS introduced 2008. |
| 22. Joint-filing project with HMRC. | Cost of submitting same information to Companies House and HMRC. | Joint filing project with HMRC: forms for Corporation tax registration at incorporation and linked filing of returns & accounts. | Reduced form filling and more efficient data handling. (Savings split with HMRC). | Potential savings of £60m but these are shared with HMRC and only a small proportion (£8m) accrues to BERR. (NB – these are not currently included in total savings.) | Implementation expected by 2011. Discussions with HMRC underway. |

(ii) Simplification grid

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | ESTIMATED SAVINGS (ADMIN/POLICY) | IMPLEMENTATION TIMELINE AND RISKS |
|--|--|---|---|---|---|
| 23. Limited Liability Partnerships | The Act and regulations under which limited liability partnerships (LLPs) form and operate will be out of step with modern company law if the material and relevant parts of the Companies Act 2006 (2006 Act) are not applied to LLPs by new regulations. | To apply the material and relevant parts of the Companies Act 2006. | Ensure LLPs are entitled to the same benefits and savings as companies; remain an attractive corporate vehicle for businesses and retain their distinctive characteristics from companies and other types of partnership. | Policy benefits of LLPs' regulations estimated in a range of £4.5-£8.8 million with an admin burden saving of £0.9m . | Accounts and audit regulations already out for consultation will be implemented in April 2009, remaining regulations to be implemented in October 2009. |
| 24. Limited Partnerships | Law on limited partnerships is outdated and there is a need for clarification in some areas. | To modernise and simplify the law on limited partnerships, in line with recommendations made by the Law Commissions. | Improved clarity and certainty for limited partnerships, their general partners and limited partners. Also enhances the attraction of the UK limited partnership as a vehicle for economic activity. | Net admin burden savings on PWC figures of £8.3m . | Proposed regulations Implementation due in October 2009. |
| 25. Creditor Protection in the case of Capital Reductions | At present all creditors can object to a reduction in capital whether or not their claim is affected. | To limit creditors entitled to object to those that can prove that their claim is affected and that the company has not made adequate safeguards. | Creditors who have a claim will be safeguarded – however processes will be simpler for the court and companies as they will not have to consider objections from creditors whose claim is safeguarded. | This simplification of UK legislation will also dispense with IO 7457 – Applications by companies to dispense with the list of creditors will no longer be necessary – 500 cases per year @ £105 each = £50k per year. | Implementation from October 2009. |

(ii) Simplification grid

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | ESTIMATED SAVINGS (ADMIN/POLICY) | IMPLEMENTATION TIMELINE AND RISKS |
|--|---|--|---|--|--|
| <p>26. Treasury Shares</p> | <p>A 10% cap on companies purchasing own shares to hold in Treasury and authorisation limited to 18 months.</p> | <p>To take away the cap and extend the period of authorisation to 5 years so that companies can respond to more effectively to market pressures with shareholder agreement.</p> | <p>Shareholders/Companies can still operate a cap/time limit – but it will reflect their circumstances rather than a legal limit.</p> | <p>Existing provisions offer some flexibility to companies so that they can respond to market pressures. The new optional provisions extend the flexibility that companies will be able to apply. They should not lead to additional cost but may result in some savings in that a reissue of existing shares would be less complicated and so cheaper than a new issue.</p> | <p>Implementation from October 2009.</p> |
| <p>Employment Law Revisions to employment law and guidance.</p> | | | | | |
| <p>27. Employment status.</p> | <p>Discussions with employers revealed the need for better guidance on the issue of employment status.</p> | <p>An interactive tool is being developed on employee pages of direct.gov which will be linked to the www.businesslink.gov.uk website</p> | <p>Employers will benefit from a clearer understanding of their legal status of workers engaged by them.</p> | <p>Savings difficult to quantify, but this measure addresses an identified stakeholder concern.</p> | <p>About to go out to tender for external legal input into text for tool based on pen pictures of people with different employment status e.g. employee, agency worker, workers.</p> |

(ii) Simplification grid

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | ESTIMATED SAVINGS (ADMIN/POLICY) | IMPLEMENTATION TIMELINE AND RISKS |
|--------------------------------------|--|---|--|--|---|
| <p>28. Agency workers</p> | <p>PwC estimate that regulation of employment agencies imposes £295m of admin burdens. For example, this data estimates:</p> <ul style="list-style-type: none"> • £1688 to secure a worker's agreement to vary their terms • £1117 to send a copy of agreed terms to a hirer. | <p>Guidance available to employment agencies on a range of these obligations will be improved.</p> <p>Work is underway to examine scope to reduce some of the administrative requirements relating to provision of information about and to hirers where the duration of assignments is short.</p> | <p>Employment agencies will benefit from reduced costs of complying with these information requirements.</p> | <p>Administrative burdens savings to be quantified in the coming months.</p> | <p>Consultation to be launched in early 2009.</p> |
| <p>29. Dispute resolution</p> | <p>Regulatory attempts to encourage early resolution have had unintended consequences, including over-emphasis on issues of detailed procedure. PwC estimated admin costs of responding to tribunal claims as over £172m/year and admin costs of procedural regulations relating to disputes as £115m.</p> | <p>An independent review of employment dispute resolution, led by Michael Gibbons, reported in March 2007 and recommended a range of actions including repeal of the 2004 dispute resolution regulations. Following a public consultation on the recommendations, the Government intends to publish its response by the end of 2007 and will then take follow-up action as appropriate.</p> | <p>Key aims are to:</p> <ol style="list-style-type: none"> 1) Increase the rate of early dispute resolution and thus reduce the number of cases going to employment tribunal hearings, and; 2) Streamline tribunal processes for those cases that reach a hearing. <p>This will benefit employers and employees across all sectors by reducing costs and stress.</p> | <p>Estimated annual administrative burden savings of £150m, with additional policy savings through earlier resolution of disputes of £27m.</p> | <p>Employment Act received Royal Assent in November 2008. New Acas helpline and pre claim conciliation service will be launched in April 2009. Abolition of statutory dispute procedures to take place in April 2009.</p> |

(ii) Simplification grid

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | ESTIMATED SAVINGS (ADMIN/POLICY) | IMPLEMENTATION TIMELINE AND RISKS |
|--------------------------------|---|---|---|----------------------------------|-----------------------------------|
| <p>30. Trade Unions</p> | <p>PwC estimated that the total administrative burden for trade unions of complying with trade union law is just under £66m. It is estimated to cost unions £1m/yr to ensure that everyone who is entitled to vote in a ballot on industrial action is sent a voting paper.</p> | <p>We are examining the case for allowing non-postal balloting (e.g. industrial action ballots, elections to senior union positions) where unions are currently required to ballot their members.</p> <p>In addition, we have asked trade unions to submit ideas to simplify the complex structure of trade union law, provided those ideas do not undermine the essential rights of union members or others. Any ideas that meet these criteria will be subject to wider consultation.</p> | <p>Use of alternative balloting methods should make it easier for individual trade unionists to participate in these ballots and reinforce union democracy, whilst giving unions more options to meet the requirements of the law.</p> <p>By simplifying other aspects of trade union law, individual union members would find it easier to understand and enforce their rights, whilst ensuring that trade unions can more readily understand and meet their legal obligations. As regards industrial action law, any simplification should make the regulatory requirements clearer for both trade unions and employers, reducing the need for costly litigation.</p> | | |

(ii) Simplification grid

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|---|--|--|---|--|--|
| Competition Policy and Consumer Law | | Benefits to businesses and consumers | | | |
| <p>31. Strengthening and streamlining consumer advocacy.</p> | <p>Current system of consumer advocacy is relatively complicated and could be more effective whilst still providing greater value for money for consumers.</p> | <p>Proposals to utilise Consumer Direct as a single point of contact for customers; create new redress services in all the utility sectors with the power to resolve fully consumer complaints; consolidation of the sectoral and national consumer bodies to form a more coherent and effective organisation (Consumer Focus). Consumer Estate Agents and Redress Act gained Royal Assent in Summer 2007.</p> | <p>Simpler and more effective system of consumer representation; certainty of redress for utility consumers; consumer advocacy system providing greater value for money for consumers and industry. Potential gross savings of approx half the annual cost of the present system.</p> | <p>A due diligence exercise has been undertaken to produce more robust estimates of the costs and benefits associated with the proposals. This project will also refine the estimate of the potential annual net savings, which are currently estimated at £9m.</p> | <p>Consultation for redress closed on 27 Sept 07. Consumer Focus started work on 1 October 2008.</p> |

(ii) Simplification grid

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | ESTIMATED SAVINGS (ADMIN/POLICY) | IMPLEMENTATION TIMELINE AND RISKS |
|---|---|--|--|--|---|
| <p>32. Estate Agents (Undesirable Practices) (No 2) Order 1991</p> | <p>Ensuring charges are detailed to client before any commitments are made.</p> | <p>Clarify to estate agents that references to “in writing” in the Estate Agents Act 1979 and relevant secondary legislation, includes both paper and electronic documents, such as e-mails. We will make clear that in principle electronic communication is acceptable and that estate agents can send offer details as e-mails if their client so wishes. Where this is not clear in legislation, we will take appropriate action to remove any doubts.</p> | <p>Savings to estate agents in printing and postage.</p> | <p>If 40% of offers are sent electronically, estate agents could save £1.22m pa. Estimated savings to be revised in the light of new survey data.</p> | <p>Consultation with clarification of the meaning of “in writing” in the estate agents consultation issued 8 November 2007.</p> |

(ii) Simplification grid

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | ESTIMATED SAVINGS (ADMIN/POLICY) | IMPLEMENTATION TIMELINE AND RISKS |
|--|--|---|---|--|---|
| <p>33. Retail Enforcement Initiative.</p> | <p>Multiple inspections of retailers by different enforcers.</p> | <p>Retail Enforcement Initiative launched June 2005 in Bexley and a group of Warwickshire local authorities- pioneering new approaches by joining up work of trading standards, environmental health, health and safety and fire authorities, implementing risk-based, targeted and proportionate interventions; fewer and simpler forms; and provision of timely advice to aid compliance; and freeing up time to focus on high-risk and non-compliant businesses.</p> | <p>Phase 1 indicated that we can reduce the number of routine inspections for retail businesses. Benefits are:</p> <ul style="list-style-type: none"> - Better access to information, advice and assistance for businesses - Co-ordinated, risk-based inspection system - More effective focus of resources on high risk and/or non-compliant businesses - more effective consumer protection. <p>Phase 2 will recruit up to 70 local authorities to test REP in a wider diversity of authorities. National adoption would deliver reduced administrative burdens for around 290,000 retailers.</p> | <p>Evidence suggests the scheme could lead to around 15% fewer visits for compliant businesses. Using the data available from the administrative burdens measurement exercise suggests a possible reduction in burdens on businesses of £3.5m from Trading Standards inspections - the total figure may be in the region of double that amount.</p> | <p>The initiative was extended to 37 local authorities in Phase 2 during 07/08 with REP being delivered in those authorities during 08/09. Responsibility for this measure was transferred to the Local Better Regulation Office (LBRO), a non-Departmental public body of BERR on 1 September 2008. LBRO are conducting an evaluation of the pilot, one of the outputs of which will be practical guides for local regulators.</p> |

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|---------------------------------------|--|---|--|---|--|
| <p>34. Consumer Law Review</p> | <p>Admin and policy burdens arising from the large number of different pieces of legislation in the field of consumer policy and the way it is enforced.</p> | <p>Possible changes to consumer legislation in the light of a comprehensive review. The review is also looking at enforcement and consumer empowerment.</p> | <p>The review is looking at how we might update our regime to ensure well-targeted protection for consumers while avoiding unnecessary costs on business. We are exploring ways to deliver simpler and more flexible UK law, making it more accessible for both the businesses and consumers. We are also looking at ways of simplifying and rationalising enforcement, allowing greater targeting of enforcement action and ensuring that enforcers are able to operate effectively in the changing market.</p> | <p>With 770,000 businesses in retail sector with turnover of £590billion, even a small benefit to an individual business can mean a material saving across the economy.</p> | <p>Ministers are currently considering the way forward in the light of the responses from the stakeholders to the Call for Evidence.</p> |

(ii) Simplification grid

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | ESTIMATED SAVINGS (ADMIN/POLICY) | IMPLEMENTATION TIMELINE AND RISKS |
|---|--|--|---|--|---|
| 35. Internal Market in Services. | Burdens on business trading across EU borders. | Services Directive: will prevent Member States from restricting incoming services. | Reduced burdens for service business, especially SMEs. Cross-EU benefit likely to amount to 0.6% increase in GDP (37bn euros) and 600,000 new jobs. | UK net welfare benefit likely to be in the region of £4bn -6bn. | Public Consultation on proposals for implementation published September 2007 Directive comes into force 2009. |

(ii) Simplification grid

| TITLE/POLICY / INITIATIVE | NATURE OF BURDEN | DESCRIPTION OF SIMPLIFICATION MEASURE | OUTCOMES (INCLUDING SECTORS TO BENEFIT) | ESTIMATED SAVINGS (ADMIN/POLICY) | IMPLEMENTATION TIMELINE AND RISKS |
|--|---|--|--|--|--|
| Insolvency | | | | | |
| <p>36. Modernisation of insolvency legislation.</p> | <p>Cost of getting to grips with changes to insolvency law.</p> | <p>Review and consolidation of 7 insolvency Statutory Instruments including The Insolvency Rules 1986. Examining scope for modernisation / simplification including more flexible means of communication (especially e-comms) within insolvency processes.</p> | <p>Simpler, more accessible law; modernised procedures facilitating better returns to creditors. Anticipated savings for members of insolvency profession.</p> | <p>Potential benefits of £19m per year to creditors of insolvent estates.</p> | <p>To be implemented from October 2009. Some of the savings are dependant on an LRO to be laid during December 2008.</p> |

| | | | | | |
|--|---|---|--|--|--|
| <p>37. Simplifying Insolvency Voluntary Arrangements.</p> | <p>Over-regulation of Individual Voluntary Arrangements (IVAs).</p> | <p>Reduction of the burdens on insolvency practitioners who administer IVAs.</p> | <p>Simpler, more accessible law; modernised procedures facilitating better returns to creditors.</p> | <p>£0.124m savings in administrative burdens.</p> | <p>It had been intended to lay an LRO to deliver changes in 2009. However, a decision has been taken not to proceed with the major part of those proposals, although the remaining part of them is expected to be taken forward as part of a wider insolvency LRO in early 2009.</p> |
| <p>38. Insolvency Advertising Changes</p> | <p>Cost of placing advertisements of key insolvency events in newspapers.</p> | <p>Replace an existing mandatory requirement to advertise in newspapers with discretion to be exercised by the relevant insolvency office-holder.</p> | <p>Cost savings as a result of better targeted advertising.</p> | <p>£3.3m of cost reductions.</p> | <p>LRO due to be laid in December 2008. To be implemented in April 2009.</p> |

| Business and Innovation | | Benefits to Business and Consumers | | | |
|---|---|---|--|--|--|
| <p>39. Primary legislation to introduce proposals to amend Part II of the Housing Grants Construction and Regeneration Act 1996 and the Scheme for Construction Contracts (England and Wales) Regulations 1998</p> | <p>Cost of inefficiencies and uncertainties in current rules on payment and adjudication.</p> | <p>Primary legislation and guidance to implement Sir Michael Latham's 2004 Review looking at the effectiveness of legislation to improve the exchange of information relating to payment so as to enable the parties to better manage cashflow. Where there are disputes to encourage the parties to resolve them during the project by adjudication and encourage successful completion.</p> | <p>Improved payment practice and dispute resolution in the construction sector, helping cash flow and dispute resolution reducing litigation and insolvency.</p> | <p>The measure is likely to lift the information obligation from 60% of main contracts and 60% of main contract payments, yielding an administrative burdens saving of £5.8m.</p> | <p>Part of the Community Empowerment, Housing and Economic Regeneration Bill. The Bill is expected to be laid in December 2008 and to come into force in 2009.</p> |
| <p>40. EU New Legislative Framework for the Marketing of Products</p> | <p>Inconsistency between directives, causing extra compliance costs.</p> | <p>EU Regulation on Accreditation and Market Surveillance. EU Decision on a Common Framework for the Marketing of Goods.</p> | <p>Greater legal consistency between Directives; more level playing field for business.</p> | <p>No specific administrative savings, but partial IA estimates annual benefit to UK economy of £1-2bn.</p> | <p>EU Regulation shall apply from January 2010.</p> |

| Small Business Measures | | | | | |
|---|---|---|---|---|---|
| <p>41. International Trade Single Window: Automatic Licence Verification.</p> | <p>When arriving in port, traders have to present the same paperwork to several different authorities, and depending on the goods and country of origin, present supporting documentation.</p> | <p>Automatic Licence Verification: facilitate data sharing by Defra and HMRC systems to enable a single physical inspection of documentation, followed by automatic, system-to-system clearance.</p> | <p>Trader need only present documentation once, meaning reduced paperwork, faster clearance of goods and time/money savings. Savings will grow as the solution is rolled out across more areas of documentation.</p> | <p>Savings to business of £8.6m by 2010 assuming a simplified form and greater accuracy/fewer errors.</p> | <p>First deliverable (imports of plants + produce): July 2007 Second deliverable (imports of products of animal origin: August 2007).</p> |
| <p>42. International Trade Single Window: Information and Guidance Portal.</p> | <p>Import rules and regulations are unclear; Information is spread over multiple government websites – with scope for better search functions and information architecture. Information seldom in plain English. When regulations change, customers have to find out themselves.</p> | <p>Small Business Service: ITSW Information and Guidance Portal: create new common information portal for all regulatory information, designed and managed according to the same principles as businesslink.gov.uk. Service for new/inexperienced traders as well as one to be launched for expert users.</p> | <p>Less uncertainty and time spent finding information for businesses importing and exporting; fewer errors made, reduced delays for their goods in ports. Reduced non-compliance. Savings to new/inexperienced traders from improved service on embedded site.</p> | <p>Savings to business of £50m+ by 2010 Assumes business users increase from 54,000 to 61,000 up to 2010 and they save 8 hours per year of working time. Also assumes that expert users increase and they save 49 hours per year.</p> | <p>Significant expansion/re-launch of International Trade area November 2006. Launch of expert service in June 2007.</p> |

| | | | | | |
|--|---|---|---|--|--|
| <p>43. International Trade Single Window: Transactions.</p> | <p>Transactions are currently conducted through multiplicity of paper and electronic systems, using widely varying formats and standards – even when sending information to the same authority.</p> | <p>Create a single electronic access point for all transactions: data entered once and re-used for pre-population; validation performed by the system; and a single electronic message is sent from the trader to Government.</p> | <p>Key information entered once via the web portal, pre-populated where possible from user account, and forms generated as required. Key data validated before submission. Automatic multi-submission to all relevant authorities. Trader savings arising from time saved in form filling and dealing with mistakes. As project rolls out additional transactions savings may run to £100s of millions – as has happened in other countries with ITSWs.</p> | <p>Savings to business of £10m from time saved in form-filling and dealing with mistakes.</p> | <p>First transaction to be launched together with expert site. Remaining transactions rolled out into 2007/08.</p> |
| <p>Note: International Trade Window savings total £99m accruing to several Departments: HMRC, Defra and BERR,</p> | | | <p>£23m savings to business accrue to BERR.</p> | | |
| <p>44. General regulatory guidance through businesslink website.</p> | <p>Problems a firm in any given sector has in identifying all the regulations affecting it.</p> | <p>Small Business Service: improvements to businesslink.gov.uk to offer content tailored to 400+ business sectors relevant to SMEs.</p> | <p>Reduced compliance costs stemming from shorter search times And reduced need for external advice.</p> | <p>£25.4m pa by 2010 assuming business users increase from 19,000 to 48,000 and save 25 hours of regulatory time.</p> | <p>First 183 business types published 1 February 2006. Remaining 230 due 30 September 2006.</p> |

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|--|--------------------|--|--|---|--------------------------|
| Competition Commission | | | | | |
| 45. Pilot of "lean" merger inquiry process at the Competition Commission (CC). | Costs to business. | Implementing lessons learned from pilot cases across all new merger inquiries whilst simultaneously restructuring our inquiry management structure, so as to facilitate further improvements and cost savings. | Reduction of the burden of information provision by businesses who are parties to CC inquiries, and some shortening of the merger inquiry process, where possible, thereby reducing cost for the businesses involved and the CC. | Depends on the number of merger inquiries conducted in a year, which is variable. For the CC this will lead to policy cost savings of up to £100k per merger. | Pilot cases completed. |

| Energy | | | | | |
|---|---|--|--|---|---|
| 46. Decommissioning financial security | Financial/operational costs | BERR is working with industry to minimise the costs of the financial security whilst balancing the risk of defaulting against decommissioning costs | Will reduce banking costs for companies responsible for decommissioning offshore oil and gas structures. Should facilitate access for new entrants to the market. | Latest prediction is for increased policy costs for industry of £2.7m per year, but greater protection for the taxpayer against risks which for individual projects range between £5m and £500m. | Energy Act includes proposals which will strengthen the powers to require security. |
| 47. Decommissioning operational costs | Operational costs | BERR is collaborating with industry to reduce the burdens through: encouraging the use of a standard Decommissioning Cost Provision Deed and alternative security products; utilising a clear and transparent risk assessment process; reviewing decommissioning policy in light of experience and updating guidance to ensure clarity in both policy and procedure. | Will reduce operational costs for companies responsible for decommissioning offshore oil and gas structures. | Only benefits a small number of businesses, but estimated to save up to £50k per year in policy cost reductions. | Standard agreement launched September 2007, alternative security workshop October 07 and policy to be reviewed 2009. Risk assessment process included in updated guidance notes, consultation during Q3/08. |
| 48. Gas Infrastructure Project (offshore) | Operational cost and market barrier – project is facilitating competition and incentivising growth in new markets (in an area where there was previously no specific regulatory framework). | Facilitating offshore projects (gas storage and unloading of LNG) via Energy Bill and licensing scheme. Developing best practice guidance for developers looking to apply for consents for new projects. | Potentially more storage facilities leading to more reliable gas supplies and potentially lower gas prices for domestic and industrial gas consumers. Project developers better able to navigate the consents regime, with reduced commercial risks. | Reducing commercial risk and cost in the development process should provide net savings of £20 - £ 100k per project with approximately 8 projects over the next 5 years. This gives policy cost savings up to £800k Further savings through potential lower prices to end consumers. | Energy Bill received Royal Assent in November 2008. |

(iii) Regulatory flow grid

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|--|---|---------------------------------------|--|--|-----------------------------------|
| Employment Law Revisions to employment law and guidance. | | | | | |
| <p>49. The Employment Equality (Age) Regulations 2006 (Implement EU Directive).</p> | <p>Admin: dealing with an employee's request to continue working and potential cases of discrimination.</p> | <p>Revisions to employment law.</p> | <p>To maximise the participation and economic (and social) contribution of groups that are currently subject to discriminatory practices both inside and outside the labour market because of their age.</p> | <p>Request to continue working: Based on estimates for similar obligations in existing flexible working regulations, this is estimated at approx £0.5m.</p> <p>Discrimination claims: based on existing employment equality regulation, and assumption that there will be 8,000 tribunal cases per year, approx £2.4m.</p> <p>Total: £2.9m.</p> | <p>Into force 1 October 2006.</p> |
| <p>50. The Working Time (Amendment) Regulations 2007</p> | <p>Admin: keeping records of holiday requests to demonstrate compliance.</p> | <p>Revisions to employment law.</p> | <p>To increase the holiday entitlement to make time off for bank holidays additional to the current four-week' entitlement.</p> | <p>Additional burden to maintain records for an increased number of holiday requests as a result of the additional entitlement.</p> <p>Estimated at £14m.</p> | <p>Into force 1 October 2007.</p> |

(iii) Regulatory flow grid

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|---|--|---------------------------------------|---|--|---|
| <p>51. Flexible working regulations – extension of right to request to adult carers.</p> | <p>Admin: a higher number of employees are eligible to request flexible working, which requires employer to hold meeting and notify of decision.</p> <p>Policy: making adjustments to working patterns to accommodate flexible working request. There will also be savings in recruitment and absenteeism costs.</p> | <p>Revisions to employment law.</p> | <p>To ensure workers with caring responsibilities have the ability to make appropriate choices about how they balance their work and caring responsibilities in ways that meet the needs of business.</p> | <p>The RIA estimates that there will be an additional 350,000 requests for flexible working. For each request, we assume an admin burden to the employer of £100, and applying the assumption of a 65% reduction gives an indicative administrative burden reduction of £23m.</p> | <p>Implemented in April 2007.</p> |
| <p>52. Flexible working regulations – extension of right to request to parents of children under 16.</p> | <p>Admin: a higher number of employees are eligible to request flexible working, which requires employer to hold meeting and notify of decision.</p> | <p>Revisions to employment law.</p> | | <p>£4m in new administrative burdens.</p> | <p>To be implemented in April 2009.</p> |

(iii) Regulatory flow grid

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|--|--|---|---|--|---|
| <p>53. Additional Paternity Leave and Pay</p> | <p>Administrative arrangements associated with the introduction of new entitlement to additional paternity leave and pay</p> | <p>Revisions to employment law</p> | <p>Allowing a greater number of fathers greater opportunities to care for their children.</p> | <p>£0.2-£1.0m in new administrative burdens.</p> | <p>Not before October 2009.</p> |
| <p>Competition Policy and Consumer Law</p> | | <p>Benefits to businesses and consumers</p> | | | |
| <p>54. Consumer Credit Act 2006 Implementation.</p> | <p>Requirements for licensing and provision of more information to consumers on a regular basis.</p> | <p>To enhance consumer rights and redress, improved regulation of consumer credit businesses and create a more proportionate regime for business.</p> | <p>Consumers will be able to avoid defaulting and will have more complete information on outstanding credit agreements. Businesses will have more complete information on which to make credit assessments.</p> | <p>On the basis of RIA analysis and admin burden assessments of similar regulation, provision of post-contractual information is likely to impose an additional £11-£56m. Increased license fees are likely to impose an additional £4.2m. Taking the mid-point gives an indicative figure of £38m, though subject to further analysis.</p> | <p>Act received Royal Assent. SI to implement provisions April 2007. April 2008. Provisions in Force by October 2008.</p> |

(iii) Regulatory flow grid

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|---|---|---|--|---|--|
| <p>55. General Product Safety Regulations (2005) (Implement EU Directive).</p> | <p>To ensure that consumer products placed on the market are safe.</p> | <p>Policy: ensuring the safety of products – this is largely business-as-usual. Admin: burdens similar to 1994 regulation some additions due to keeping register of complaints and record of product origin.</p> | <p>Additional burdens due to keeping a register of complaints and record of product origin likely to raise 1994 regulations' admin burdens by approximately 2%.</p> | <p>Administrative burdens of £0.35m.</p> | <p>Implemented on 1 October 2006.</p> |
| <p>56. Waste Electrical and Electronic Equipment Directive Implementation</p> | <p>Information Obligations and requirements on electrical producers to dispose of waste electrical and electronic equipment by specified means to reduce the environmental impact in the UK</p> | <p>Statutory Instrument implementing EC Directive.</p> | <p>Policy: the separate collection treatment and recycling of waste electrical and electronic equipment to specified levels Admin: producer registration, reporting, marking of products, and provision of information on products.</p> | <p>RIA estimates that the admin burdens of this regulation are likely to be in the range £28 - £33m pa, based on 5750 producers at a cost per producer per year of £4,870 - £5,739. Costs are likely to fall over time as business adapts and innovates.</p> | <p>The regulations came into effect from the 2 January 2007 with producer responsibility being implemented from the 1 July 2007.</p> |
| <p>57. Restriction of the use of certain hazardous substances in new electrical and electronic equipment regulations (2006) (Implement EU Directive)</p> | <p>To reduce the environmental impact of new electrical and electronic equipment in the UK during its manufacture and after it becomes waste</p> | <p>Policy: largely from adjusting production processes and inputs Admin: preparing and keeping documents to prove compliance.</p> | <p>There are likely to be 5750 producers affected by the regulations, each incurring between £870 - £1565 p.a.</p> | <p>Indicative increase in administrative burden of £5-9m.</p> | <p>Implemented on 1 July 2007.</p> |

(iii) Regulatory flow grid

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|---|---|---|---|---|--|
| <p>58. Batteries and Accumulators Directive.</p> | <p>To reduce the environmental impact of spent batteries and accumulators and to promote single market in batteries and accumulators.</p> | <p>Policy: the separate collection, treatment and recycling of spent batteries and accumulators. Rules for placing batteries and accumulators on EU market. Admin: producer registration, information and reporting requirements on batteries and accumulators and spent batteries and accumulators.</p> | | <p>For an estimated 1,000 producers likely to be affected current estimates are in the range of £1400 - £2800 per business per annum, giving an indicative total of £1.4m-£2.8m.</p> | <p>Directive adopted in September 2006 Transposition of Single Market provisions in the UK by due date, 26 September 2008 Time table slippage – for transposing environmental provisions - now aiming for April 2009</p> |
| <p>59. Implementation of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts.</p> | <p>Additional requirements for companies who are defined in the Directive as public interest entities.</p> | <p>The Directive clarifies the duties of statutory and provides for their independence and ethical standards; introduces a requirement for external quality assurance; provides for public oversight of the audit profession, including third country auditors, and improved cooperation between oversight bodies in the EU. It also provides a basis for international cooperation between regulators in the EU and with regulators in third countries</p> | <p>The Government does not intend to specify any other entities as ‘public interest entities’ for the purposes of Chapter 10 of the Directive, but will build on the existing UK framework and take advantage of the flexibilities provided in the Directive.</p> | <p>Administrative burdens increase of £1.3m annually.</p> | <p>Implementing regulations will come into force on 6 April 2008.</p> |

| (iv) Public Sector Strategy | | | | | |
|--|-------------------------------|-------------------------------|------------------|--|------------------|
| INFORMATION REQUIREMENT | PUBLIC BODIES AFFECTED | REASON FOR REQUIREMENT | FREQUENCY | SIMPLIFICATION PROPOSAL | TIMETABLE |
| Trading Standards Authorities | | | | | |
| Report on consumer Satisfaction | 210 Local Authorities | PSA/DSO target | Annually | The data collection will be abolished when the new Local Government Performance Framework (in England) begins. | April 2008. |
| Report on business Satisfaction | | | | | |
| Report on visits to high-risk premises | | | | | |
| Report on levels of compliance | | | | | |
| Report on staff development | | | | | |
| Report inspections by categories where non-compliance. | | | | | |
| Arbitration and Conciliation Service (ACAS) | | | | | |
| Financial Data Report | NDPB | Financial accountability | Monthly | None | N/A |
| Accounts and Annual Report | | HMT requirement | Annual | | |
| KPIs Report | | Performance target | Annual | | |
| Annual Pay Remit | | Financial accountability | Annual | | |
| Performance Management Information | | Performance target | Quarterly | | |

| Civil Nuclear Police | | | | | |
|---------------------------------------|---------------------------|----------------------------|-------------|------|-----|
| Cashflow forecasts | 1 Specialist Police Force | Financial accountability | Monthly | None | N/A |
| Expenditure reports | | | Monthly | | |
| Fraud report | | HMT requirement | Annual | | |
| Accounts & Annual Report | | | Annual | | |
| Whole of Govt Accounting Pack | | | Annual | | |
| Annual Policing Plan | | UK legislative requirement | Annual | | |
| 3 Year Strategy Plan | | UK legislative requirement | 3 Yearly | | |
| Code of Practice for Police Authority | | UK legislative requirement | As updated. | | |
| Annual Pay Remit | | Financial accountability | Annual | | |
| Estate Strategy | | Financial accountability | As updated. | | |

