



How do we assess the impacts of law?

Seminar organised by the Icelandic Prime Minister's Office, the Icelandic Ministry of Finance and Economy, and the Ministry of Industries and Innovation, in cooperation with the School of Central Government

Methodology & capacity building

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The need for a consistent, co-owned approach to methodology

- Without a **formal and consistent methodological approach** the construction of impact assessments would be inefficient and arbitrary.
- **Regulatory Impact Assessments (RIAs)** would not be **directly comparable**, so a wider better regulation programme would not be **measurable** – nor have public support

Methodology in the UK is derived via a cascade

1. **The Green, Magenta Book(s)** – HM Treasury
2. **The Better Regulation Framework** – Better Regulation Executive (BRE)
3. **Regulatory Policy Committee (RPC) guidance documents**, including Case Histories, SaMBA and Proportionality Guidance; bespoke pieces on new areas (trade, innovation) also with BRE

When changes are made these are done on a consultative basis; departments own these methodologies as well.

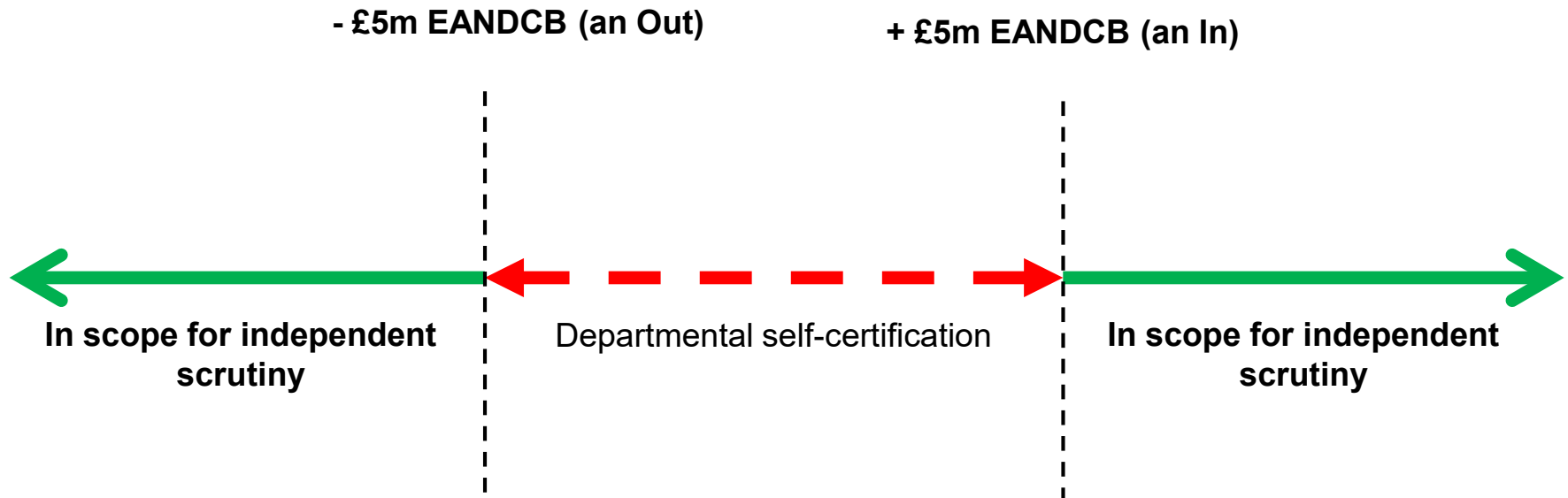
Proportionality: a key part of the UK methodology

- **Proportionality** in IAs and post implementation reviews (PIRs – ex-post) is about **ensuring the appropriate level of resources is invested in**
 - (1) gathering,
 - (2) analysing, and
 - (3) scrutinising evidence**for the impacts of a policy.**

Proportionality: a key part of the UK methodology

- A **proportionate approach starts with the de minimis threshold**. Any regulatory change (newly introduced measure, amended measures alike) that has +/- £5m direct impact on business (previously £1m) must be formally submitted to the UK RPC for review.
- A de minimis of £5m ensures that **90% of the combined impact of all regulatory measures is “caught”**, through scrutiny of around **10% of the total number of measures**.

Threshold for external (RPC) scrutiny of +/- £5m EANDCB



Proportionality for gathering and analysing evidence

The UK Proportionality Guidance:

- **The RPC has issued a proportionality guidance** for those undertaking RIAs and ex-post evaluations.
- Deliberately high-level and non-binding, the guidance provides an **indication of the appropriate level of evidence and analysis** the RPC would expect to see from UK Government departments **for different levels of impacts** (costs and benefits alike) caused by regulatory changes.
- **Specifically, the guidance includes:**
 - (1) Indications for the **required *quantity* of evidence** (quantitative and qualitative data) **and depth of impact analysis**;
 - (2) Indications for the **required *quality* of evidence** and impact analysis.

Proportionality is not just about the business impact

If the annual impact on business exceeds de minimis (+/- £5 million), an IA must then establish:

- What is the **size of the regulated market/no. of entities** affected?
- Does the measure **change existing requirements** in a fundamental way?
- How many **different factors need to be considered** to understand the impact of the measure?
- Is there a high risk of the measure not meeting its **objectives**?

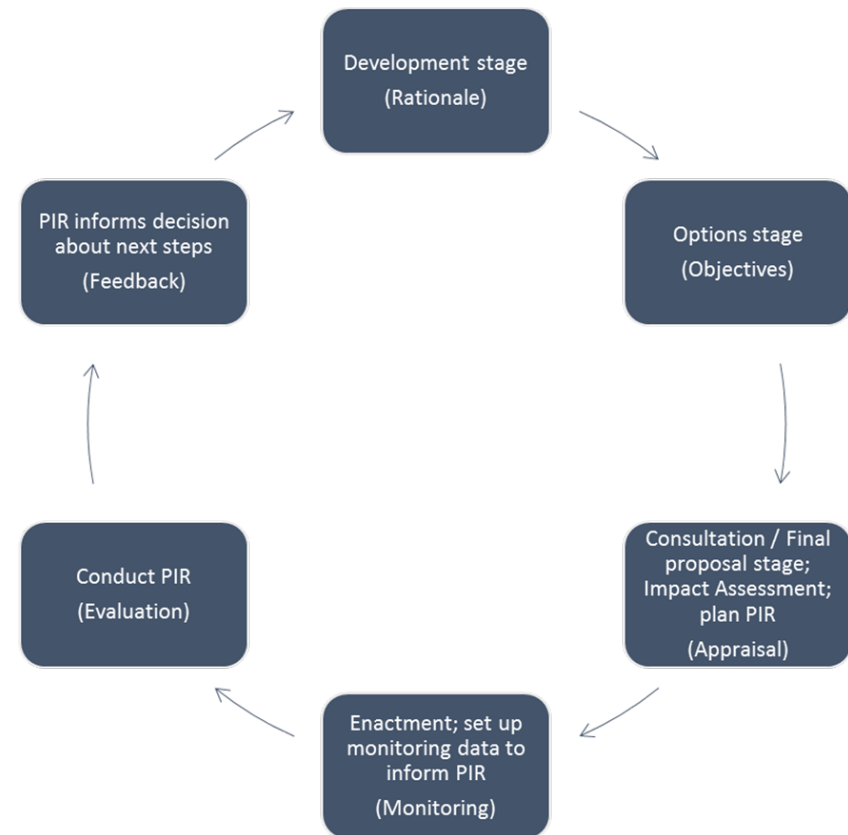
Proportionality is not just about the business impact

If the annual impact on business exceeds de minimis (+/- £5 million), an IA must then establish:

- Is the measure likely to have disproportionate impacts on one group of businesses (such as small businesses, or businesses in one sector)? (**distributional impacts**)
- Is the measure **novel** or **contentious**?
- Is the measure **permissive**?

Using data proportionately

- For proportionately **small measures**, the RPC expects to see only **publicly available, low-resource data sources** in the IA;
- For **larger, or more complex, measures**, there is a potential need for departments to obtain **bespoke information, whether through new analysis or a wide public consultation**;
- Departments are to undertake **research across government before using new resource**;
- **Ex-post evaluations** should be fed back into the IA (ex ante) policy making process via the **ROAMEF cycle**



Policy control v. analysis

- **Policy professionals** within the relevant department or regulator are in broad control of the work programme
- **Analytical experts** undertake the specifics of the Cost-Benefit Analysis in the IA document itself
- **Analysts are organised into professional bodies** that organise their own training and development
- **Better Regulation Units (BRUs)** ensure both understanding and compliance
- The **RPC concentrates on scrutiny** of the evidence and analysis – not the policy itself

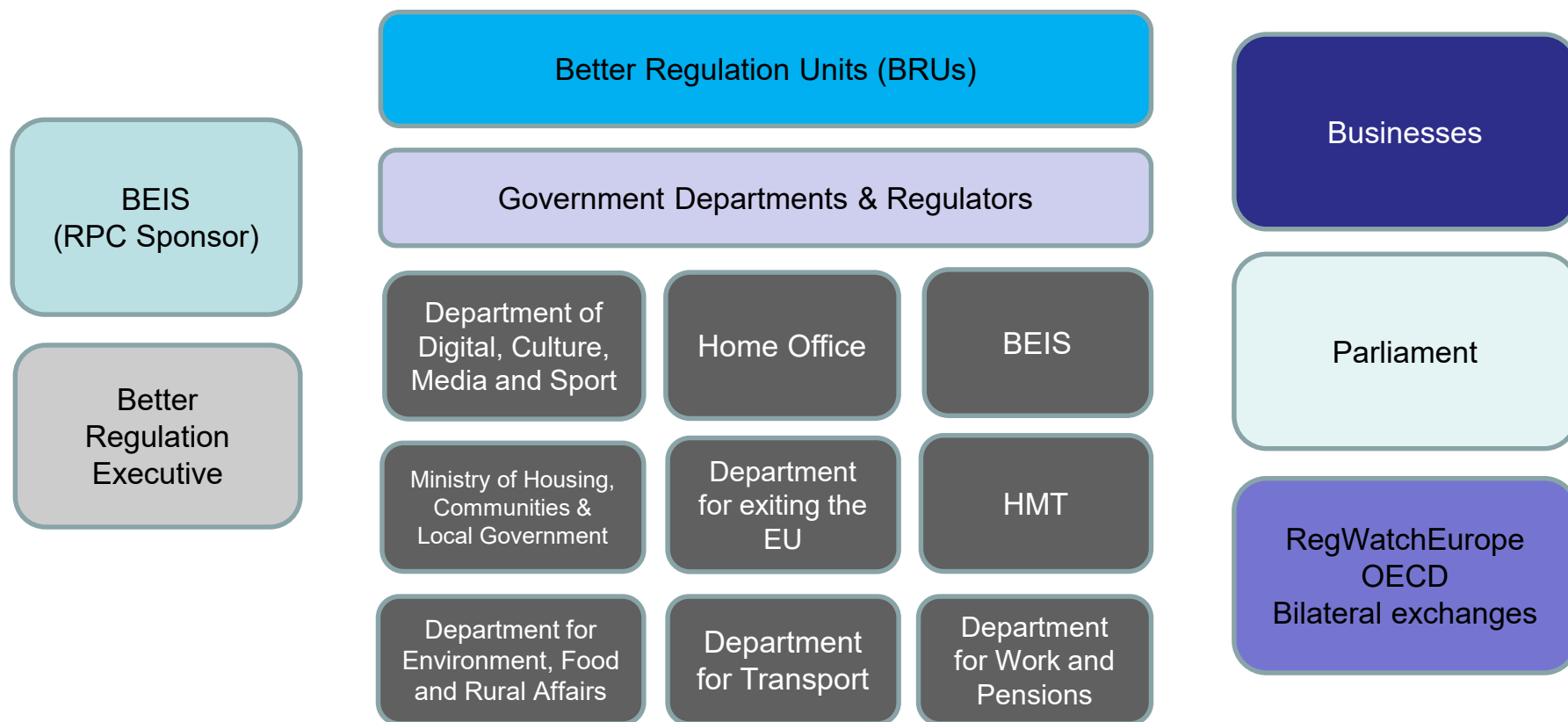


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Capacity building within UK Better Regulation system

- A key part of better regulation is to drive culture change in Government departments – towards the use of appropriate analysis and evidence that support new or amended regulations
- The RPC plays a role in this by advising and training government departments on best regulatory practice;
 1. General guidance documents (from RPC, BRE)
 2. E-learning courses (e.g. effective consultations, Cost-Benefit Analysis, ex-post evaluations)
 3. Specific training sessions run by RPC experts for a) analysts and b) policy professionals
- There is an open culture of knowledge sharing within the better regulation framework, with regular meetings and clear lines of communication.

Who do we work with?



Who and how do we engage with?

Who?

- Civil Society Organisations
- Business Representative Organisations
- Regulators
- UK Government departments
- Parliamentarians
- Like-minded organisations
- European counterparts
- Academics and Think Tanks

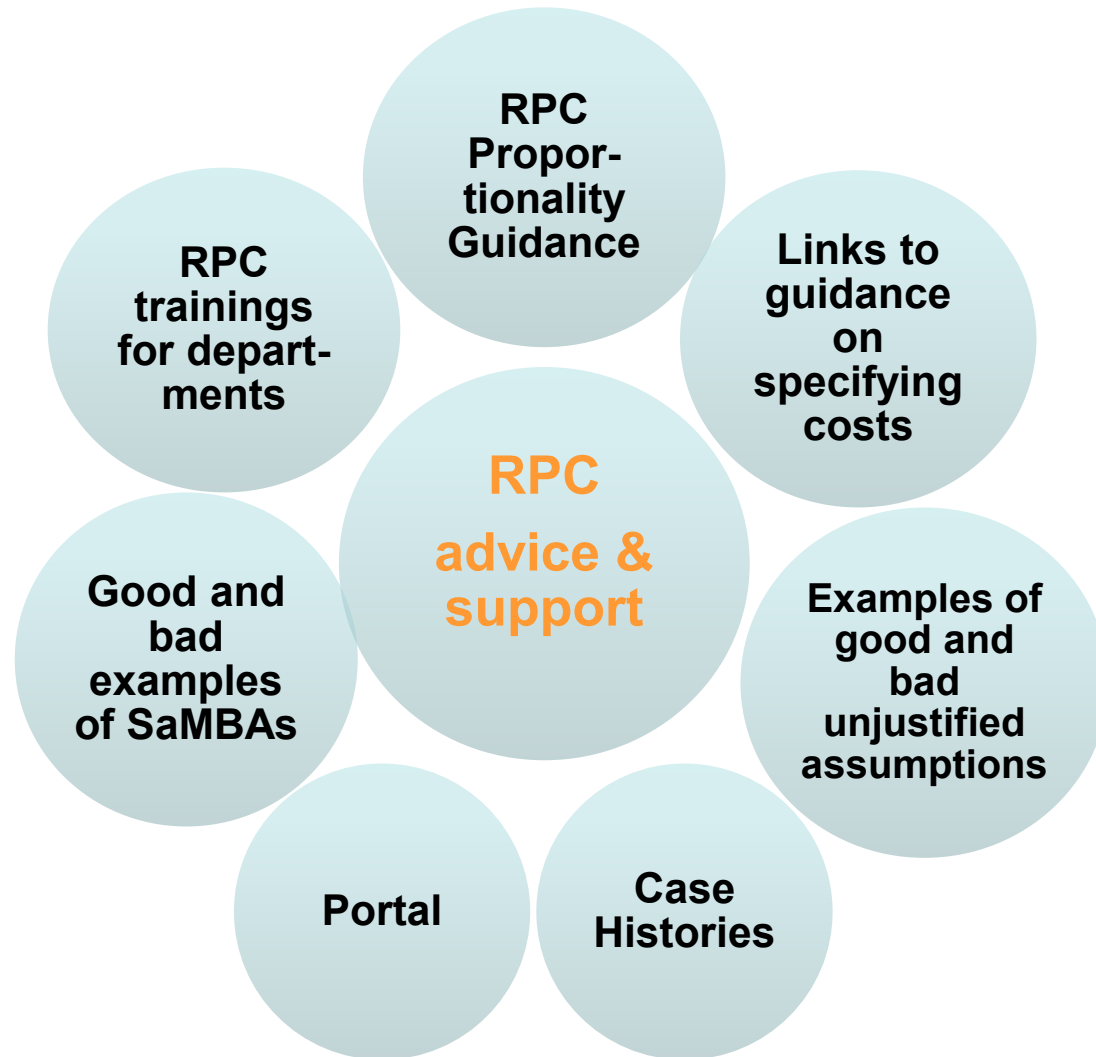
How?

- Face-to-face meetings
- Attendance at events
- Speaking engagements
- Roundtables & seminars
- Regular working and senior level one-to-ones
- Reports and papers
- Social media
- Working level engagement via the Secretariat

Benefits of capacity building

- **(1) Raises awareness** of the role and responsibilities of the RPC;
- **(2) Increases the use** of RPC opinions and Impact Assessments in Parliamentary debates & wider considerations of individual stakeholders;
- **(3) Influences to further hold Government to account;**
- **(4) Allow issues of policy to be raised**, sometimes within a political context, which the RPC cannot do;
- **(5) Increases understanding** of the systems and the role the RPC plays in the government's wider agenda;
- **(6) Encourages information exchange** and sharing of best practice

RPC Guidance



More about Better Regulation and independent regulatory scrutiny in the UK:

The better regulation framework:

www.gov.uk/government/publications/better-regulation-framework

The RPC:

www.gov.uk/government/organisations/regulatory-policy-committee

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