

Title: Enterprise & Regulatory Reform (ERR) Act IA No: BIS 0352 Lead department or agency: Department for Business Innovation and Skills (BIS) Other departments or agencies: DCMS, MoJ, HMCTS, Acas, DECC, DEFRA, BRDO, English Heritage, Insolvency Service, OFT, HMT, GEO, HSE, DCLG, CO	Impact Assessment (IA)
	Date: 1.5.13
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Primary legislation
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Summary: Intervention and Options	RPC Opinion: See each IA
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out? Measure qualifies as
£1,416m	£627m	-£37m	YES – parts are OUT

What is the problem under consideration? Why is government intervention necessary?

The Act includes a number of measures to encourage long term growth and to simplify regulation. The rationale and impact of each of the main measures are assessed and quantified in the accompanying Impact Assessments.

The cumulative net quantified effects of these measures are summed above.

In addition, the Act introduces powers in certain areas that will enable secondary legislation to be made. The effects of this secondary legislation will be identified in future IAs as the legislation is drafted.

What are the policy objectives and the intended effects?

- Part 1
- The UK Green Investment Bank proposals seek to support the UK's transition to a green economy by targeting policy and market failures or barriers in financial markets which may constrain the supply of finance in green infrastructure and late stage innovation.
- Part 2
- The Early Conciliation proposals seek to improve business confidence in hiring staff, and in particular to: increase the number of cases where parties reach an agreed settlement; ensure the claimant and respondent benefit from contact with Acas in terms of information and understanding, even where they do end up at an Employment Tribunal; and improve overall satisfaction with the employment dispute resolution system.
 - Facilitating Settlement Agreements makes it easier for employers/employees to have open discussions where the relationship is not working out, without this being used against them in any tribunal claim.
 - The Whistleblowing proposals seek to return the legislation back to operating within its originally intended scope, and also protect those groups which have been identified as intended to be covered by the protections.
- Parts 3 and 4
- The Competition Regime for Growth proposals seek to improve the robustness of decisions and strengthen the regime; support the competition authorities in taking forward the right cases; and to

improve speed and predictability for business.

Part 5

- ❑ The Heritage related proposals seek to reduce regulatory burdens by scrapping Conservation Area Consent, improving the operation of other heritage consent regimes, and introducing a system of local and national class consents and a certificate of lawful works to listed buildings, and increase flexibility relating to the management by English Heritage of Osborne House on the Isle of Wight.
- ❑ The Reform of the Equality and Human Rights Commission removes unnecessary provisions in order to clarify EHRC's remit.
- ❑ The Review of Third Party Harassment Provisions seeks to reduce the regulatory burden on employers that the third party harassment provisions may impose.
- ❑ The Review (s138) of the Equality Act 2010 repeal relates to obtaining information Question and Answer Forms seeks to reduce the regulatory burden on employers.
- ❑ The extension of the Primary Authority scheme wishes to further address inconsistency in the local level enforcement of regulation by further reducing the inspection burden on businesses via strengthening inspection plans and extending eligibility criteria to cover a wider range of businesses.
- ❑ The civil liability for breach of health and safety duty seeks to address unfairness to employers found liable to pay damages despite having reasonably protected staff.
- ❑ Amending the Estate Agents Act to restrict its scope to exempt low risk activities and repeal the Property Misdescriptions Act should help reduce the costs of compliance for a "passive intermediary" business and remove any perception of illegal trading from such businesses.
- ❑ The Reform of the process by which debtors apply for bankruptcy is intended to relieve the courts of a function that is essentially procedural in nature, whilst introducing a more efficient administrative process leading to savings for business, individuals and Government.
- ❑ The Abolition of the Agricultural Wages Board seeks to reduce the regulatory burden on farmers.
- ❑ Unnecessary regulation:
 - The Removal of TV Licence Notification Requirement for Retailers repeals out-of-date regulations and removes unnecessary burdens on retailers.
 - The Repeal of the Water Retail In-Area Trading Ban is aimed at reducing the barriers to retail competition. It is part of a wider suite of measures as explained in the Defra IA.
 - Repeal of the 'Early Discharge from Bankruptcy' provisions removes an unnecessary procedure and reduces cost for business.

Part 6

- ❑ The Repeal of Copyright Protection for Designs, s52 of the Copyright, Designs and Patents Act 1988 is designed to allow copyright for the life of the creator plus 70 years rather than 25 years to apply for artistic works which are manufactured on an industrial scale.
- ❑ Reform on Orphan Works aim to create a system where people interested in using these for commercial or non-commercial purposes can obtain permissions lawfully in the UK, following a diligent search, and by paying appropriate licence fees up-front.
- ❑ Extended Collective Licensing's objective is to streamline licensing procedures so that rights clearance can be cheaper and more efficient than at present.
- ❑ Codes of Conduct (Collecting Societies) seek to improve the efficiency, governance and accountability of collecting societies to benefit members, licensees and potential ones.
- ❑ The Shareholder Votes on Directors' Remuneration proposals seek to equip shareholders with the

enhanced tools they need to challenge companies on Directors' pay.

- ❑ Redress Schemes: lettings agency work and property management work. The provision introduces powers to require letting and managing agents of privately rented homes, and managing agents of residential leasehold properties, to belong to redress schemes for handling of complaints.
- ❑ The Order Making Power for Customer Data will support a programme known as midata. It seeks to give consumers access to their own information (particularly that held by credit card, current account, mobile phone and energy providers) in an electronic machine readable format so they can use it to make better choices.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Please consult the twenty four accompanying specific Impact Assessments for full option appraisal of each strand to the Act.

The cumulative net present values presented here pertain to the estimated impacts of applying the preferred policy option(s) in each of these twenty four areas as stated in their Impact Assessments.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date** May 2017

Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: See GIB IA	Non-traded: See GIB IA	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister

Date: **14 May 2013**

Summary: Analysis & Evidence

Policy Option 1

Description: Option 1 - Deliver the Chosen/Preferred Policy Options Outlined in the Sixteen Accompanying Specific Impact Assessments.

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2012	Time Period Years 19	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: £1,416m
Description and scale of key monetised costs/benefits (£)					
The UK Green Investment Bank proposals: Total Net Benefit 100m; Business Net Benefit N/A					
The Early Conciliation proposals: Total Net Benefit 546m; Business Net Benefit 273m					
The Competition Regime for Growth proposals: Total Net Benefit 11.4m; Business Net Cost 12.8m					
The extension of the Primary Authority scheme: Total Net Benefit 282.6m; Business Net Benefit 134m					
The Removal of TV Licence Notification Requirement for Retailers: Total Net Cost 143.5m; Business Net Benefit 28.1m					
The Heritage related proposals: Total Net Benefit 68.6m; Business Net Benefit 2.5m					
Repeal of the 'Early Discharge from Bankruptcy' provisions: Total Net Benefit 23.7m; Business Net Benefit 5.7m					
The Reform of the Equality and Human Rights Commission: Total Net Cost zero; Business Net Benefit zero					
Orphan Works: Total Net Benefit 417m; Business Net Benefit 34m					
Extended Collective Licensing: Total Net Cost 0.1m; Business Net Cost 0.1m					
Codes of Conduct (Collecting Societies): Total Net Cost 2.7m; Business Net Cost 2.7m					
The Amending the Estate Agents Act: Total Net Benefit 0m; Business Net Benefit 0m					
Reform of the Debtors Bankruptcy Application Process: Total Net Benefit 98.1m; Business Net Benefit N/A					
The Review of Third Party Harassment Provisions: Total Net Benefit 3.1m; Business Net Cost 2.8m					
The Review (s138) of the Equality Act 2010: Total Net Benefit 12.5m; Business Net Benefit 7.4m					
The Abolition of the Agricultural Wages: Total Net Benefit 0.8m; Business Net Benefit 16.3m					

Other key non-monetised costs/benefits

Part 1

The £100m total net benefit estimated for the UK Green Investment Bank will be significantly accounted for by environmental benefits. However, the UK GIB is also expected to provide a range of business-related benefits. The UK GIB IA provides details.

Part 2

Under the Facilitating Settlement Agreements, for employers there are the administrative and legal advice costs of using settlement agreements (if they decide to do so) and the benefits of increased certainty and reduced risk around using settlement agreements. Employees may face some legal advice costs but with a slightly higher chance of leaving a job under a settlement agreement, and as a result with a pay-off and an employment reference. There are also more opportunities to initiate an agreement.

The Whistleblowing proposals include changes that will widen the scope of these protections along some dimensions while reducing the scope along others. Due to the very limited data available, it is not currently possible to quantify the net effects of these proposals, but they are explained in the BIS IA.

Part 5

The extension of the Primary Authority scheme's total net benefit of £282.6m and business net benefit of £134m captures both the proposals this Act allows to go forward as well as the covering of additional regulations currently out of scope, which will be delivered via other legislation. It is currently not possible to net out the benefits of this further coverage, so the gross effect is reported here.

The civil liability for breach of health and safety duties seeks to drive costs and benefits not currently quantifiable relating to unfairness to employers found liable to pay damages despite having taken all reasonable steps to protect staff.

The abolition of the Agricultural Wages Board (AWB) will mean some employers no longer need to familiarise with Agricultural Wages Order each year, although some will need to consider the National Minimum Wage regime for the first time. Some workers and employers may spend time on negotiations to agree pay levels and terms and conditions. Some monetary allowances will no longer be received by workers, although there is little information on their possible retention. Employers and workers will benefit from greater flexibility to agree pay and reward. Abolishing the Board may also create new jobs in agriculture.

The retail competition benefits of the Repeal of the Water Retail In-Area Trading Ban are not explicitly monetised here; they form part of the wider water licensing regime reform benefits explained in the Defra IA

Part 6

By repealing Section 52 of Copyright Protection for Designs, manufacturers and distributors of some design classics will be able to stop the manufacture, distribution and sale of replicas.

The relevant costs and benefits of the Shareholder Votes on Directors' Remuneration proposals are not currently monetisable. However, the benefits to business and shareholders as a result of pay schemes being better designed and more closely aligned with performance are considered to be significant.

Redress Schemes: lettings agency work and property management work. These sections of the Act entail no direct costs and benefits as they require secondary legislation in order to take effect. Impact Assessment(s) quantifying the costs and benefits will be prepared in advance of the secondary legislation being introduced.

The midata IA, identifies five main expected non-monetised benefits: cost savings to consumers; increases in competition and innovation; new and expanding 'infomediary' markets; less prescriptive product/tariff regulation; and changes in consumption patterns.

Key assumptions/sensitivities/risks
(%)

Discount rate

3.5%

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: £81.2m	Benefits: £118.1m	Net: £36.9m	Yes – parts are	Out

Evidence Base (for summary sheets)

Problem under consideration and rationale for intervention

Please consult the twenty four accompanying specific Impact Assessments for full intervention rationale, option appraisal, cost-benefit analysis, equalities impacts and evidence base discussion.