

KEY

Paper 1.1

### Setting Targets to Reduce the Burden Upon Business

**Objective:** Set challenging targets to reduce the burden on business of administering regulations. Achieve targets by implementing the reforms recommended by the Hampton Review and the Better Regulation Task Force (BRTF) report 'Less is More' (both published in March 2005).

### Legislating to implement the Hampton Review, and to speed up deregulation

**Objective:** Make the legislative changes needed to implement the Hampton Review, and reform legislative procedures to make it easier to remove unnecessary regulations.

### Fewer regulatory bodies, applying risk-based enforcement

**Objective:** Reduce the compliance burden on business by merging 29 regulatory bodies into 7, joining-up enforcement and inspection practices, and applying a risk-based approach to all areas of enforcement.

### Risk based enforcement by local authorities

**Objective:** Apply the Hampton recommendations to local authorities. Reduce the variations in enforcement practices between different areas, and the burden on business, through better nationwide coordination.

### Simplifying and shortening forms

**Objective:** Reduce the amount of information required from business, shorten forms and reduce the time needed to complete them by designing forms better and improving regulators' handling and sharing of data.

### Reforming penalty systems

**Objective:** Strengthen the impact of penalties as a deterrent to persistent regulatory non-compliance, as recommended by the Hampton Review, and enhance regulatory outcomes.

### European regulatory reform

**Objective:** Greater use of risk-based regulatory practice in European law-making process, and share best practice with other member states, during the UK's presidency of the European Union and beyond.

### Strengthening institutions to deliver regulatory reform

**Objective:** Ensure that the right resources are in place to deliver the Hampton reforms, and meet targets for reducing the burden on business. Effect a transformation in the culture of Government departments and regulators, applying a risk-based approach at every stage of the regulatory process.

### Improving Tax Administration for Business

#### Meeting targets to reduce the burden on business

**Objective :** Reduce the administrative burdens on business from the tax system. Apply to HM Revenue and Customs (HMRC) the principles of risk-based enforcement developed by the Hampton Review.

## Better Regulation Action Plan

Immediately	<p>Departments will begin measuring the total burden upon businesses of administering regulations (e.g. the costs of form-filling, undergoing inspections, and complying with data requirements).</p> <p>Businesses are invited to propose areas of regulation and its administration that are needlessly burdensome. By end-2005 the Better Regulation Executive will have a system in place to respond to proposals in 90 working days, and departments will either deregulate or explain why it is not possible.</p>
Immediately	<p>John Hutton appointed as Cabinet-level minister to drive regulatory reform. Better Regulation Executive begins work, replacing the Regulatory Impact Unit, and among other things will:</p> <ul style="list-style-type: none"> <li>• provide stronger central coordination of delivery and implementation of the Hampton Review and BRTF recommendations;</li> <li>• support the Prime Minister's Panel for Regulatory Accountability by challenging departments on their progress with regulatory reform; and</li> <li>• work with departments to change regulatory culture and processes throughout Whitehall. Better Regulation Executive will be formally launched once the new Executive Chair of the BRE is appointed.</li> </ul>
2005 Pre-Budget Report	<p>Chancellor will set out progress with simplifying tax administration, informed by consultation responses on proposals to bring together a business' tax liabilities and payments into a single account, creating a single point of contact for all taxes, piloting single inspection, pursuing a risk based approach to visits and developing flexible payment options that suit modern business needs.</p>
June 2005	<p>New Better Regulation Commission will be established, replacing the Better Regulation Task Force, to advise and challenge the Government on regulatory reform, and scrutinise departmental plans for regulatory simplification.</p>
June 2005	<p>Key tax forms will be identified that require improvement against the Hampton methods for developing better, shorter forms, designed around criteria for assessing risk.</p>

July 2005	<p>Government will begin consultation on the Better Regulation Bill, which will contain:</p> <ul style="list-style-type: none"> <li>• improvements to the procedures for removing outdated and unnecessary legislation, making it faster and easier to deregulate;</li> <li>• enabling powers to merge regulatory bodies;</li> <li>• steps to put requirements into regulators' statutory duties to enforce regulations using a rigorous risk-based approach; and</li> <li>• powers to reform penalties according to risk-based principles.</li> </ul>
July 2005	<p>Departments will detail how they plan to take forward the Hampton recommendations on regulatory mergers.</p>
July 2005	<p>A new Local Authority Better Regulation Group will be established comprising local authorities, national regulators and Government departments to:</p> <ul style="list-style-type: none"> <li>• improve the coordination of local and national regulatory services;</li> <li>• reduce regional variations in quality by agreeing a national 'Regulatory Enforcement Concordat' for a common approach to risk assessment and regulatory best practice (first draft published Autumn 2005);</li> <li>• strengthen the consistent application of the 'Home Authority Principle' for businesses trading in multiple local authority areas; and</li> <li>• coordinate resources so that data requirements on businesses are reduced and inspections more joined up.</li> </ul>
July 2005	<p>DTI will consult on details of a new national Consumer and Trading Standards Agency (CTSA). The CTSA will coordinate, under a single Code of Practice, the 203 trading standards offices nationwide, and reduce variations in the quality and consistency of regulation experienced by businesses with multiple locations.</p>
July 2005	<p>BRE will initiate a wholesale review of regulators' penalty systems. Inconsistencies and weaknesses in current systems will be identified.</p>
July 2005	<p>Budget consultation on business priorities for simplification of tax administration will finish.</p>

July to December 2005	<p>During the UK's presidency our priorities will include:</p> <ul style="list-style-type: none"> <li>• working to ensure that comprehensive impact assessments are undertaken for all new EU legislation and that, for the first time, a method of clearly and transparently measuring the administrative burdens of EU proposals is developed;</li> <li>• following current consultation with business, we will submit dossiers of proposals for the simplification of EU regulations and work with the Commission to create a timetable for delivering regulatory simplification in 2006;</li> <li>• working with other member states and the Commission to ensure that EU laws can be implemented and enforced according to our new risk-based approach; and</li> <li>• consulting on applying a risk-based approach to the UK's implementation of the financial services action plan.</li> </ul>
Autumn 2005	<p>The Government will consider, in light of the Lyons Review, introducing incentives to encourage local authorities to pursue regulatory consolidation.</p>
From 2006 onwards	<p>Regulators will publish information about the number of forms they send to businesses, the time taken to complete them, and the measures being taken to reduce this burden.</p> <p>BRE will report on regulators' data handling and storage requirements. There will be no investment in new data systems without reviewing the scope for data sharing between regulators.</p>
2006 onwards	<p>Local and national regulatory bodies will work together to apply a consistent risk-based approach to their activities.</p>
2006 onwards	<p>We will build on the outcomes of our presidency by:</p> <p>working with the Commission and member states to promote the use of risk-based regulatory practice throughout Europe; and</p> <p>develop a clearer voice for business in the EU rule-making process through the Commission's proposed Independent Advisory Network.</p>

January 2006	<p>BRE will begin consultation about penalties reform, including proposals to:</p> <ul style="list-style-type: none"> <li>• speed up the penalty process;</li> <li>• introduce new 'administrative penalties' as an additional tool for regulators, to punish non-compliance with the administrative requirements of regulation;</li> <li>• ensure that penalties are proportionate to the consequences of non-compliance; and</li> <li>• where appropriate, reduce variation between the penalty practices of different regulators.</li> </ul>
January 2006	<p>National Audit Office will begin reporting to Parliament on:</p> <ul style="list-style-type: none"> <li>• departments' performance against the methodology and process for reducing the administrative burden of regulations; and</li> <li>• regulators' performance against the recommendations of the Hampton review.</li> </ul>
Early 2006	<p>The Better Regulation Bill will be introduced to parliament.</p>
Early 2006	<p>Enabling powers to allow reform of the penalties regimes will be introduced to parliament in the Better Regulation Bill.</p>

By the 2006 Pre-Budget Report	<p>The Prime Minister's Panel for Regulatory Accountability will set challenging targets against which departments will quantifiably reduce the administrative burden over time.</p> <p>Departments will review existing legislation and prepare 'simplification plans', covering administrative and wider regulatory costs, including through implementation of the BRTF recommendations and the Hampton Review's risk-based approach to enforcement.</p> <p>Reforms requiring legislation will feed into departmental bills and a planned Deregulation Bill will be introduced in the second session of Parliament.</p>
2006 Budget Report	Following an assessment by HMRC of the burden that tax administration imposes upon small business, targets will be set by the Chancellor for HMRC to reduce the administrative burden over time.
Summer 2006	Subject to parliamentary approval, the Better Regulation Bill becomes law.
From Summer 2006	<p>Regulators will prepare for legislative changes by beginning to join up their enforcement practices in 'shadow' form, and will start to implement the risk-based approach recommended by Hampton. In particular they will begin to:</p> <ul style="list-style-type: none"> <li>• reallocate their resources to areas where the regulatory risk is greatest, reducing the burden on compliant businesses and enhancing regulatory outcomes overall;</li> <li>• perform more joint inspections, determined by proper assessment of risk, so that there is no inspection without a reason;</li> <li>• and reduce data requirements on business, by designing shorter forms and sharing more information.</li> </ul>
Summer 2006	Subject to parliamentary approval, legislation will enable the mergers to come into effect, and requirements to pursue risk-based enforcement will be embedded in their statutory duties.

By September 2006	<p>Information requirements imposed upon business will be reduced as national and local authorities join up their procedures and share more data. BRE will publish guidelines for improved design of forms. New technology will increasingly be applied to pre-populate forms with data that is already held about businesses, so that the same data is not repeatedly requested.</p> <p>'Time to complete' statements will appear on forms, as they do in the United States.</p>
October 2006	<p>A Deregulation Bill will be considered for the second session of parliament, to contain deregulatory proposals based on suggestions by business and a thorough review of regulation by departments.</p>
October 2006	<p>Detailed merger plans for the 29 regulatory bodies undergoing consolidation into 7 will be finalised and implemented.</p>
Autumn 2006	<p>Penalties reform will be introduced, following the anticipated passage of the legislation.</p>
By 2008	<p>The Better Regulation Executive will review the impact of the new system of penalties and investigate whether a specialist Regulatory Tribunal Service should be established to smooth the process of appeal against penalty notices.</p>