

# Administrative Burdens of Regulation – Department of Trade and Industry

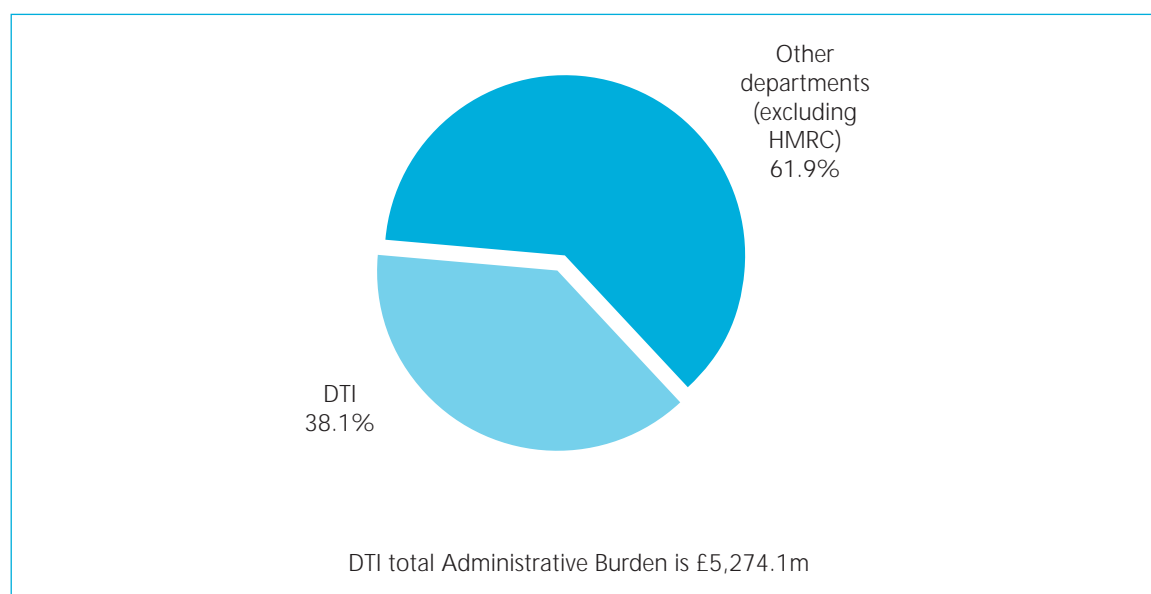
## Administrative Burdens Measurement Exercise – DTI Results

As part of its strategy for driving down the administrative burden of complying with regulations, government departments commissioned PwC to work with business and the voluntary sector to estimate the administrative costs of regulation.

This report, produced by the Better Regulation Executive with the Department of Trade and Industry (DTI), provides a high level summary of the burdens relating to the DTI and is adjusted to take account of activity that business would choose to do even if the regulation did not exist (business as usual or BAU). These figures indicate that DTI is the major non-tax regulatory department, imposing 38.1% of the burden on business. Three areas account for the majority – 87% of DTI's administrative burdens: employment law, consumer law and company law.

This document should be read alongside the DTI Simplification Plan, which sets out a programme to reduce these burdens.

### DTI's administrative burdens relative to the cross-government Admin Burden total:



**Table 1 – Top 20 Regulations – representing approx. 85% of total burden**

This table shows DTI's 20 most burdensome regulations.

It sets out the cost and the proportion of the departmental total the regulation accounts for; how the cost breaks down by source; and whether costs are incurred in providing information to government or third parties.

### Department of Trade and Industry

			% Cost by Origin			% Cost – Non-Third Party		% Cost – Third Party	
Regulation Name	Admin Burden (£m's)	% of Dept. Total	A	B	C	Internal Cost	External Cost	Internal Cost	External Cost
Companies Act 1985	£921.2	17.5%	15.2%	9.6%	75.3%	12.9%	17.7%	46.3%	23.1%
Employment Rights Act 1996	£857.6	16.3%	75.1%	1.1%	23.8%	0.1%	0.0%	24.6%	75.3%
Consumer Protection Act 1987	£457.3	8.7%	0.0%	97.0%	3.0%	0.0%	0.0%	10.2%	89.7%
Conduct of Employment Agencies and Employment Businesses Regulations 2003	£301.6	5.7%	0.0%	0.0%	100%	1.7%	0.3%	26.2%	71.8%
Copyright, Designs and Patents Act 1988	£211.7	4.0%	60.6%	3.1%	36.3%	0.9%	0.0%	73.1%	26.1%
Working Time Regulations 1998	£198.6	3.8%	62.4%	37.6%	0.0%	5.3%	27.3%	5.4%	62.0%

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			% Cost by Origin			% Cost – Non-Third Party		% Cost – Third Party	
Regulation Name	Admin Burden (£m's)	% of Dept. Total	A	B	C	Internal Cost	External Cost	Internal Cost	External Cost
Employment Tribunals (Constitution and Rules of Procedure) Regulations 2004	£172.4	3.3%	0.0%	0.0%	100%	0.0%	100%	0.0%	0.0%
Code of Practice for Traders on Price Indications	£170.0	3.2%	0.0%	0.0%	100%	0.1%	0.0%	71.3%	28.6%
Flexible Working (Procedural Requirements) Regulations 2002	£150.8	2.9%	0.0%	0.0%	100%	0.0%	0.0%	98.2%	1.8%
Weights and Measures (Packaged Goods) Regulations 1986	£135.3	2.6%	0.0%	96.9%	3.1%	0.2%	0.3%	0.3%	99.2%
Consumer Credit (Disclosure of Information) Regulations 2004	£111.3	2.1%	0.0%	100%	0.0%	0.0%	0.0%	3.2%	96.8%
Trading Schemes Regulations 1997	£96.4	1.8%	0.0%	0.0%	100%	0.0%	0.0%	6.6%	93.4%
Insolvency Act 1986	£90.1	1.7%	0.0%	0.0%	100%	6.9%	29.1%	39.4%	24.7%

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			% Cost by Origin			% Cost – Non-Third Party		% Cost – Third Party	
Regulation Name	Admin Burden (£m's)	% of Dept. Total	A	B	C	Internal Cost	External Cost	Internal Cost	External Cost
Insolvency Rules 1986	£88.4	1.7%	0.0%	0.0%	100%	19.2%	38.4%	30.3%	12.0%
Employment Act 2002 (Dispute Resolution) Regulations 2004	£85.6	1.6%	0.0%	0.0%	100%	0.0%	0.0%	89.5%	10.5%
Weights and Measures Act 1963 (Cheese, Fish, Fresh Fruits and Vegetables, Meat and Poultry) Order 1984	£85.4	1.6%	0.0%	0.0%	100%	0.0%	0.0%	3.6%	96.4%
Consumer Credit Act 1974	£85.3	1.6%	0.0%	46.3%	53.7%	3.5%	0.0%	40.4%	56.0%
Control of Misleading Advertisements Regulations 1988	£79.0	1.5%	0.0%	100%	0.0%	0.0%	0.0%	100%	0.0%
Estate Agents (Accounts) Regulations 1981	£73.0	1.4%	0.0%	0.0%	100%	8.5%	17.3%	2.3%	72.0%
Trade Union and Labour Relations (Consolidation) Act 1992	£64.4	1.2%	0.0%	0.0%	100%	4.6%	18.7%	9.9%	66.7%
Other Regulations	£838.5	15.9%	11.7%	13.5%	63.1%	33.9%	4.9%	43.2%	6.1%
<b>Total</b>	<b>£5,274.1</b>	<b>100%</b>	<b>21.9</b>	<b>20.9%</b>	<b>57.3%</b>				

## Table 2 – Top 20 Information Obligations – representing approximately 50% of total burden

Government regulations often consist of a number of separate obligations on business and the voluntary sector. To make progress in reducing the administrative burden it is important to know the costs of each of the individual obligations. This table shows the estimated administrative burden for DTI's 20 most burdensome obligations.

### Department of Trade and Industry

Information Obligation Description	Regulation Name	Admin Burden (£ms)
Providing employees with a statement of employment particulars, which includes: employer/employee details; commencement dates/dates; details of remuneration and its payment; hours of work; holiday entitlement; sickness provisions; pension arrangements; notice periods; job title; place of work; whether role is fixed term; whether there are any collective agreements; and any disciplinary etc rules. (In some cases reference may be made to a separate document which is readily accessible to the employee.)	Employment Rights Act 1996	£585.8
Providing compulsory information in relation to a safety regulation concerning goods.	Consumer Protection Act 1987	£443.4
Providing a response to a claim against the business to the Employment Tribunal Office.	Employment Tribunals (Constitution and Rules of Procedure) Regulations 2004	£172.4
Ensuring, where deductions from wages have been made, that either terms of the employment contract allow for deductions from wages or that the deduction has the consent from employees.	Employment Rights Act 1996	£141.6
Providing an employee with written notice of the decision relating to a request for a contract variation.	Flexible Working (Procedural Requirements) Regulations 2002	£137.3
Obtaining an employees written consent if you wish a worker to perform work for an average of more than 48 hours in seven days	Working Time Regulations 1998	£123.8
Communicating to the debtor or hirer before agreeing a transaction for a regulated agreement, the information and statements of protection and remedies available to that person under this regulation and any modifying terms if appropriate.	Consumer Credit (Disclosure of Information) Regulations 2004	£111.3

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Information Obligation Description	Regulation Name	Admin Burden (£ms)
Obtaining the work-seeker's agreement if you wish to vary the agreed terms.	Conduct of Employment Agencies and Employment Businesses Regulations 2003	£101.3
Marking Class A packages (foodstuffs, non-foodstuffs and liquids) with a statement of quantity.	Weights and Measures (Packaged Goods) Regulations 1986	£96.2
Ensuring that for every order made by a participant in a trading scheme that a fully itemised order form, invoice or receipt is in place in respect of the payment which is due from a participant	Trading Schemes Regulations 1997	£91.1
Giving sufficient acknowledgement when copying a literary, dramatic, musical or artistic work for the purpose of giving instruction which identifies the work in question by its title or other description, and identifying the author.	Copyright, Designs and Patents Act 1988	£83.0
Ensuring that a comparative advertisement referring to a special offer states: the date on which the offer ends or, where appropriate, that the special offer is subject to the availability of the goods and services; or where the special offer has not yet begun, the date of the start of the period during which the special price or other specific conditions shall apply.	Control of Misleading Advertisements Regulations 1988	£79.0
Making a declaration (either in Company Form 155(6) or alternatively under section 155(6A) a statement made by the directors complying with the requirements of the statutory declaration).	Companies Act 1985	£68.7
Marking a pre-packed container of foods (cheese, fish, meat and poultry) with information.	Weights and Measures Act 1963 (Cheese, Fish, Fresh Fruits and Vegetables, Meat and Poultry) Order 1984	£66.4
Keeping minutes of all directors meetings and obtaining the signature of the chairman.	Companies Act 1985	£64.9
Making the accounting records available for inspection by the company's officers.	Companies Act 1985	£62.5
Providing a revised contract of employment if any changes are made to the particulars of employee's contracts and providing notice of this within one month of those changes.	Employment Rights Act 1996	£57.9

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Information Obligation Description	Regulation Name	Admin Burden (£ms)
Preparing accounts for the company for each financial year in accordance with international accounting standards (IAS) or Companies Act i.e. they must comprise of a balance sheet and a profit and loss account.	Companies Act 1985	£57.0
Recording key data on all business letters and order forms.	Companies Act 1985	£55.7
Maintaining records (for at least two years from the date on which they were made) of worker's working time to demonstrate whether certain working time limits (insofar as they are applicable to the worker) are being complied with in the case of each worker employed by him.	Working Time Regulations 1998	£55.1
Other Information Obligations	Other Regulations	£2,619.5
<b>Total</b>		<b>£5,274.1</b>

### Table 3 – Breakdown of Information Obligation Types

This table shows how the administrative burden and the proportion of the departmental total breaks down by type of information obligation.

#### Department of Trade and Industry

Information Obligation Type	Costs	
	Admin Burden (€m's)	% of Department Total
Providing statutory information for third parties	€2,829.2	53.6%
Statutory labelling for the third parties	€808.0	15.3%
Keeping records	€718.1	13.6%
Returns and reports	€460.1	8.7%
Applications for authorisation	€136.2	2.6%
Cooperating with audits/inspections of...	€113.9	2.2%
Applications for permission for or exemption from...	€111.8	2.1%
Notification of activities	€49.6	0.9%
Entry in a register	€15.6	0.3%
Framing complaints and appeals	€13.8	0.3%
Agreeing contracts	€12.2	0.2%
Carrying out inspections of...	€2.3	0.0%
Applications for subsidies or grants for...	€2.0	0.0%
Requesting information	€1.2	0.0%
Updating commercial emergency plans & programmes	€0.1	0.0%
Carrying documentation	€0.0	0.0%
<b>Total</b>	<b>€5,274.1</b>	<b>100.0%</b>

## Glossary

<b>Administrative costs</b>	The costs of administrative activities that businesses are required to conduct in order to comply with the information obligations that are imposed through central government regulation. These include, for example, form filling, keeping records or responding to information requests.
<b>Administrative burden</b>	The costs of administrative activities over and above what a business would choose to do in the absence of the regulation.
<b>'Business as usual'</b>	A measure of the activity that organisations would choose to do in the absence of the regulation. All figures in this publication allow for 'business as usual' costs.
<b>Standard Cost Model</b>	A pragmatic methodology that provides systematic measurement of the administrative costs of regulation <sup>1</sup> .
<b>Cost by Origin</b>	A measure of how the administrative burden of the regulation is split between different categories according to the origin of the requirements of the regulation.
<b>'Category A'</b>	Requirements that are international in origin with no domestic discretion in how they are implemented.
<b>'Category B'</b>	Requirements that are international in origin with some domestic discretion in how they are implemented.
<b>'Category C'</b>	Requirements that are domestic in origin.
<b>Information Obligation</b>	A specific requirement that must be fulfilled in order to comply with a regulation. Regulations often consist of a number of separate information obligations.
<b>Non-Third Party Costs</b>	Costs relating to obligations to provide information to a public authority.
<b>Third Party Costs</b>	Costs relating to obligations to provide information to any person or organisation that is not a public sector body, for example employees, consumers or other stakeholders.
<b>Internal Cost</b>	Costs incurred within an organisation's existing resources (such as staff time) in order to comply with a regulation.
<b>External Cost</b>	Costs that an organisation incurs as a result of using external services (such as fees for professional advice or for specialist IT equipment) in order to comply with a regulation.

<sup>1</sup> For further details see: <http://www.cabinetoffice.gov.uk/REGULATION/reform/simplifying/scm.asp>

## Annex

### Machinery of Government changes

After the measurement exercise was conducted, changes to departmental responsibilities across government, Machinery of Government changes, resulted in the responsibility of some DTI regulations being moved to a different department. The details of these machinery of government changes are listed below.

#### Department of Trade and Industry

Regulation Name	Measured under	Responsibility moved to
Sex Discrimination (Questions and Replies) Order 1975	DTI	DCLG
Equal Pay (Questions and Replies) Order 2003	DTI	DCLG
Sex Discrimination (Formal Investigation) Regulations 1975	DTI	DCLG

### Other Adjustments

After the measurement exercise was conducted, the responsibility for some regulations measured under DTI were transferred to OFCOM, OFGEM and OFT. The details of these changes are listed below.

#### Department of Trade and Industry

Regulation Name	Measured under	Responsibility moved to
Communications Act 2003	DTI	OFCOM
Electronic Communications Code (Conditions and Restrictions) Regulations 2003	DTI	OFCOM
Electronic Communications Code 2003	DTI	OFCOM
Wireless Telegraphy (Citizens' Band and Amateur Apparatus) (Various Provisions) Order 1998	DTI	OFCOM
Wireless Telegraphy (Cordless Telephone Apparatus) (Restriction and Marking) Order 1999	DTI	OFCOM
Wireless Telegraphy (Spectrum Trading) Regulations 2004	DTI	OFCOM
Wireless Telegraphy Act 1949	DTI	OFCOM
Wireless Telegraphy Act 1998	DTI	OFCOM

Regulation Name	Measured under	Responsibility moved to
Electricity (Applications for Licences, Modifications of an Area and Extensions and Restrictions of Licences)(No.2) Regulations 2004.	DTI	OFGEM
Electricity (Connection Charges) Regulations 2002 as amended by Electricity (Connection Charges) (Amendment) Regulations 2002	DTI	OFGEM
Electricity (Standards of Performance) Regulations 2005	DTI	OFGEM
Electricity Generation Standard Licence Conditions	DTI	OFGEM
Electricity Supply Licence Standard Licence Conditions	DTI	OFGEM
Electricity Transmission Standard Licence Conditions	DTI	OFGEM
Gas (Applications for Licences and Extensions and Restrictions of Licences) (No.2) Regulations 2004	DTI	OFGEM
Gas (Calculation of Thermal Energy) Regulations 1996	DTI	OFGEM
Gas (Connection Charges) Regulations 2001 as amended by Gas (Connection Charges) (Amendment) Regulations 2002	DTI	OFGEM
Gas (Meters) Regulations	DTI	OFGEM
Gas (Standards of Performance) Regulations 2005 as amended by Gas (Standards of Performance) (Amendment) Regulations 2005	DTI	OFGEM
Gas Shippers Licence: Standard Conditions	DTI	OFGEM
Gas Transporter licences in respect of the Gas Distribution Networks	DTI	OFGEM
Gas Transporter licences in respect of the Independent Gas Transporters	DTI	OFGEM
Gas Transporter licences in respect of the National Transmission System	DTI	OFGEM
Meters (Approval of Pattern or Construction and Manner of Installation) Regulations 1998	DTI	OFGEM
Meters (Certification) Regulation 1998	DTI	OFGEM

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Regulation Name	Measured under	Responsibility moved to
Special Licence Conditions on ex-PES DNOs	DTI	OFGEM
Standard Licence Conditions for DNOs (50,51,52)	DTI	OFGEM
Standard Licence Conditions for IDNOs	DTI	OFGEM
Transco's Gas Transporter licence in respect of its National Transmission System	DTI	OFGEM
Undertakings given by Centrica Plc and Centrica Storage Limited to the Secretary of State for Trade and Industry Pursuant to Section 88 of the Fair Trading Act 1973	DTI	OFGEM
Competition Act 1998	DTI	OFT
Competition Act 1998 (Office of Fair Trading's Rules) Order SI 2004/2751	DTI	OFT
Competition Act 1998 (Public Transport Ticketing Schemes Block Exemption) Order 2001	DTI	OFT
Consumer Credit (Notice of Cancellation Rights) (Exemptions) Regulations 1983	DTI	OFT
Consumer Credit (Termination of Licences) Regulations 1976	DTI	OFT
Consumer Credit Act 1974	DTI	OFT
Consumer Credit Licensing (Representations) Order 1976	DTI	OFT
Control of Misleading Advertisements Regulations 1988	DTI	OFT
Courts and Legal Services Act 1990	DTI	OFT
Crystal Glass (Descriptions) Order 1973	DTI	OFT
EC Competition Law (Articles 84 and 85) Enforcement Regulations 2001	DTI	OFT
EEC Merger Control (Distinct Market Investigations) Regulations 1990	DTI	OFT
Enterprise Act 2002	DTI	OFT
Enterprise Act 2002 (Merger Prenotification) Regulations 2003	DTI	OFT

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Regulation Name	Measured under	Responsibility moved to
Estate Agents Act 1979	DTI	OFT
Limited Liability Partnerships Regulations 2001	DTI	OFT
Supply of New Cars Order 2000	DTI	OFT
Unfair Terms in Consumer Contracts Regulations	DTI	OFT