



HM Government



# Making a difference

Simplification Plans

**DECEMBER 2007**

**SUMMARY LEAFLET**

# SIMPLIFICATION PLANS 2007

## MAKING A DIFFERENCE ON THE GROUND

Last year, Government set a target to reduce the regulatory burden on business and the third sector by 25% by 2010. Nineteen departments and agencies committed to produce annual simplification plans, summarising the actions needed to achieve this target. The 2007 Simplification Plans reveal:

- Over 280 existing rules and regulations have been simplified, updated, or scrapped.
- £1.5bn of unnecessary costs have been removed from the economy benefiting small and large organisations, and private and public companies, alike.
- Significant inroads are being made in the more costly areas of regulation, including planning, tax, employment, company law and health and safety.
- A range of industry sectors are benefiting from action taken to ease regulatory burdens, including transport, construction, food and environmental health.
- Priority has been given to practical changes that will make a difference to everyday operations, e.g. making it quicker and easier for UK employers to set out pay, terms and conditions for new starters.
- Several outdated regulations have been abolished, e.g. over half a million private companies no longer need to hold an AGM as part of wider reforms to company law.
- Unnecessary form filling is being rooted out – 54% of outdated, redundant health and safety forms have been removed.
- Exemptions have been introduced to reduce compliance costs, e.g. more than 1.1 million UK businesses are now eligible for a less burdensome VAT annual accounting scheme.

## SIMPLIFICATION *n.* MAKE LESS COMPLICATED OR EASIER IMPROVING PRODUCTIVITY

### Departments and agencies are delivering simplification in a range of ways, e.g.

- Abolishing regulations altogether.
- Creating exemptions from regulatory requirements.
- Making forms simpler or clearer, increasing the intervals between information requests, and sharing data.
- Improving access to information and guidance to help people quickly and easily understand what they have to do to comply with the law.
- Tackling regulatory irritants.

### 2007 Simplification Plans feature all of these approaches, e.g.

- Small and medium enterprises no longer have to keep and supply data on packaging waste, or calculate how much they are recovering and recycling.
- Firms only have to apply for Small Business Rate Relief once every five years rather than every year.
- Sample health and safety risk assessments have been tailor-made for 18 types of businesses including convenience stores, estate agencies, and hairdressing salons – saving them considerable time recording their assessments.
- Caterers, small retailers and restaurants are benefiting from the Safer Food, Better Business initiative, which makes it easier to document compliance with food hygiene requirements.
- Heavy Goods Vehicle operators can now carry out all licensing transactions on line, using the transport office portal.

# SIMPLIFICATION IN PRACTICE

## MANAGING EMPLOYEES, RUNNING COMPANIES AND DEALING

### DELIVERING A MODERN APPROACH TO HEALTH AND SAFETY

#### Sensible Risk Management – Risk Assessments (HSE)

Convenience stores, estate agencies, dry cleaners, and hairdressing salons are among the 18 types of businesses that can now benefit from access to online example risk assessments published on the Health and Safety Executive website. Lower risk businesses should need to spend significantly less time completing their assessments as a result. £29m savings delivered to date.

*“I have taken a look at the risk assessment and ... I am happy that I did. Before reading [it] I was unsure of what exactly needs to be covered in the risk assessment for my business and was finding it difficult to get to grips with it. However, since reading it I have now completed my risk assessment and it took a fraction of the time I had spent on researching the topic.”*

Convenience store owner, Birmingham – September 2007

*“HSE’s example risk assessment for office cleaning is clear, simple to follow and focused on significant risks. It also shows that it needn’t cost a lot of time and money to do a good risk assessment and to act on its findings.”*

Service Industry Manager, West Midlands

#### Forms (HSE)

54% of HSE’s forms have been removed. Abolishing these has reduced the potential for confusion and error, with £250,000 savings delivered to date. By 2009, a further 9 forms will have been removed, taking savings to around £20m.

#### Reporting Injuries, Diseases and Dangerous Occurrences (HSE)

Businesses can now report accidents and incidents by phone through the Incident Contact Centre. For the average business, this should reduce the time taken to record and report incidents from around 2.5 hours to 30 minutes. £16.5m savings delivered to date.

### MAKING LIFE EASIER FOR EMPLOYERS

#### Online tool to help employers issue a written statement of employment particulars (BERR)

Employers can now access a new online tool to set out more quickly and easily set out pay, terms and conditions for new starters. A potential 1.2 million users could save up to 75% of their time producing mandatory written statements. £16m savings delivered to date. By 2010, as employer take-up increases, savings should rise to around £160m.

*“When I need to know something about employment law, I need to know I’ve got it right. With this tool I can look at the website and have it confirmed very quickly.”*

Simon Topman, CEO Acme Whistles

#### Improved pension regulations to make payments by employers less prescriptive (DWP)

Pension scheme trustees now have greater flexibility about when reports are made to the Pensions Regulator. £8m savings delivered to date.

#### Simplified member-nominated trustee/director requirements (DWP)

Prescriptive processes and timetables for member nominated trustees in the UK’s 66,000 occupational pension schemes have been removed. £16m savings delivered to date.

# WITH TAX, PLANNING PROCESSES AND HEALTH AND SAFETY

## SIMPLIFYING GOVERNANCE FOR COMPANIES, DIRECTORS AND BOARDS

### AGM obligations changed for private companies (BERR)

500-750,000 private companies no longer need to hold an AGM, as part of wider changes to company decision-making processes. £45m annual savings delivered. Around 60,000 private companies also no longer need to appoint a company secretary, saving each of them £50-£100 each a year.

### Statutory Statement of Codification of Directors' General Duties (BERR)

More than one million companies will benefit from savings due to Company Act measures including the codification of Directors' general duties. £30m savings delivered to date.

### Facilitation of electronic communications (BERR)

1.2m companies can now send information to shareholders by email, rather than post. Print and postage costs expected to reduce by up to £400,000 per mailing per company. £66m savings delivered to date.

*"Companies have been able to communicate with shareholders electronically for a number of years; the wider powers in the new Companies Act allow companies to focus on developing state of the art electronic communication which are easier for shareholders to use whilst saving cost in terms of printing and paper."*

David Jackson, Company Secretary, BP

## EASING THE PLANNING PROCESS FOR BUSINESS

### Electronic Planning Applications (Communities)

Nearly half a million planning applications from business stand to benefit from new, e-enabled processes. Savings are delivered through lower costs (by at least £120 per application) and reduced waiting times (11-13 days). £7m savings delivered.

*"We are a small practice of 7 people submitting between 350 and 400 applications a year. This equates to considerable cost savings for us."*

Chris Jones, Kenefick Jones Partnership Ltd

### Building Regulations – User Centred Guidance (Communities)

Improvements to online guidance have made regulations more user-friendly, delivering administrative savings to the general public, developers, professionals and Local Authorities. £9m savings delivered to date.

### Consolidation of fire safety regimes (Communities)

One simple fire safety regime has replaced 79 overlapping regimes. Greater clarity about employers' responsibilities is expected to reduce costs associated with false fire alarms. Abolished requirement to apply for Fire Certificate. £53m savings delivered to date.

## UNSCRAMBLING TAX

### Form 42 – Employee share schemes (HMRC)

An improved HMRC risk assessment has removed the need for 90% of new companies to complete this form reporting their first issue of shares to employees. This will save some 300,000 companies up to £200 per form.

### Working Tax Credit payments no longer go through employers (HMRC)

The responsibility for paying tax credits to employees has been transferred from employers to HMRC, removing the burdens from 300,000 employers, including removing many obligations to retain records or supply information to third parties.

### Simplified Pensions Tax regime (HMRC)

A new single, simplified pensions tax regime will significantly reduce the administrative burden on business, including removing various obligations to retain records or supply information to third parties.

## ADVISE *vb.* INFORM OR NOTIFY SHARING THE BURDEN

**Tackling outdated, redundant regulation is important. But equally important is helping people understand what they need to do to comply with regulations that remain.**

One of businesses' problems with regulatory change is finding out which regulations apply to their business, and then finding simple, plain guidance that tells them what they have to do to comply with those regulations.

A 2007<sup>1</sup> survey of 2000 senior managers found that the vast majority of businesses agreed that finding out how to comply with regulations was burdensome.

To address these issues, Government has launched a range of programmes to make it easier for businesses to comply with existing regulation – whether that involves hiring and managing employees, dealing with tax issues, applying for planning permission, carrying out health and safety checks, or finding out what new regulation is in the pipelines. Examples include:

- Delivering more and clearer **employment law guidance** for employers, and making available new online tools to reduce the time it takes to complete relevant paperwork.
- Building on previous work to streamline the introduction of new regulation through twice yearly 'Common Commencement Dates'. Businesses can now access a **new one-page summary** that tells them what regulations have come in, which apply to them, and what they need to do to comply with them.
- Encouraging a more proportionate approach to **health and safety risk management** – especially among small, low and medium risk businesses, to prevent them doing more than the law requires.
- Simplifying **business support** by reducing the current 3,000-plus schemes to fewer than 100 by 2010.

### % of business agreeing that the following administrative activities are a burden when complying with regulation

	% Disagree	% Agree
Having to keep up to date with changes in existing regulations	13	80
The length of time it takes to go through the whole process of complying	13	77
Finding information about which regulations apply to your business	17	74

<sup>1</sup> Reducing the Cost of Complying with Regulations, 2007, National Audit Office

## EMBEDDING RISK LESS INSPECTIONS, GREATER COMPLIANCE

**Independent regulators and local authorities play a crucial role in how regulation impacts on business. They serve as a source of advice and deliver both national and local regulatory objectives. They are vital partners for central government. As well, local authorities carry out 80% of inspections on businesses and have direct, day-to-day relationships with them.**

Departments and agencies are working closely with local authorities to deliver better outcomes on the ground for businesses and the public. This involves:

- Putting the principle of **risk assessment** at the heart of all compliance and enforcement activity – so that regulators focus on the businesses that are high risk and/or non-compliant.
- Improving the **tools** available to enforcers, so that they can take more appropriate and effective action against those who persistently flout the law.
- Improving **co-ordination and consistency** among local authorities through, for example, the Local Better Regulation Office.
- Setting a small number of **national priorities** for local delivery so that local authorities can better plan their compliance and enforcement work.

- Testing new ways of **working in partnership** to improve the sharing of data and intelligence between regulatory disciplines and local areas.

Practical ongoing work to deliver these outcomes include:

- Introducing legislation to deliver businesses greater consistency of the treatment by local authorities and reduced regulatory burdens for business. The **Regulatory Enforcement and Sanctions Bill** will ensure that “rogue traders” do not get unfair advantage from deliberate failure to obey to the law.
- Setting up the **Local Better Regulation Office (LBRO)** to secure more effective and less burdensome approaches to the way in which regulations are enforced by local authorities.
- Rolling out the **Retail Enforcement Pilot** to promote collaborative working between local authorities and national regulators, and help reduce the burdens of inspections upon compliant businesses.
- Tightening priority areas for local enforcement following publication of the **Rogers Review** to focus on five key areas: air quality; alcohol licensing; hygiene of food businesses, improving health in the workplace; fair trading; and animal and public health.

## LOOKING FORWARD

### Public Sector

Departments are moving forward to deliver for the public sector. 'Cutting Bureaucracy for our Public Services' was published on 26 June 2007 to address concerns raised by front-line workers that too much of their time is spent on paperwork and bureaucracy. The key strands are:

- A 30% net reduction in the number of data requests made by central government to the front-line.
- A better voice for front-line workers.
- A reduction in the stock of unnecessary bureaucracy in the areas the front-line cares most about.
- Success that is understood and mirrored through the delivery chain.

This programme will provide a step-change in the approach to better regulation in the public services. Freeing up time that is currently spent on unnecessary bureaucracy will mean more time for NHS nurses and doctors to care for patients, police officers to deal with crime, local authorities to improve local communities and teachers to teach children.

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### Further information on Simplification Plans 2007

A summary document highlighting what's been done over the last year can be found at [www.bre.berr.gov.uk](http://www.bre.berr.gov.uk)

### [www.betterregulation.gov.uk](http://www.betterregulation.gov.uk)

We are always interested in ideas for further simplification and we welcome proposals that come into our website. Ideas included in this year's Plans sourced from the [www.betterregulation.gov.uk](http://www.betterregulation.gov.uk) site include:

- Publication on the HSE website of a full list of all health and safety regulations. Since it went live in October it has had 22,000 hits a month and has been welcomed by business.
- Abolition of outdated rules restricting the shooting and selling of game, saving UK butchers £9,000 per year.

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Publication date: December 2007  
 URN 07/1719

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