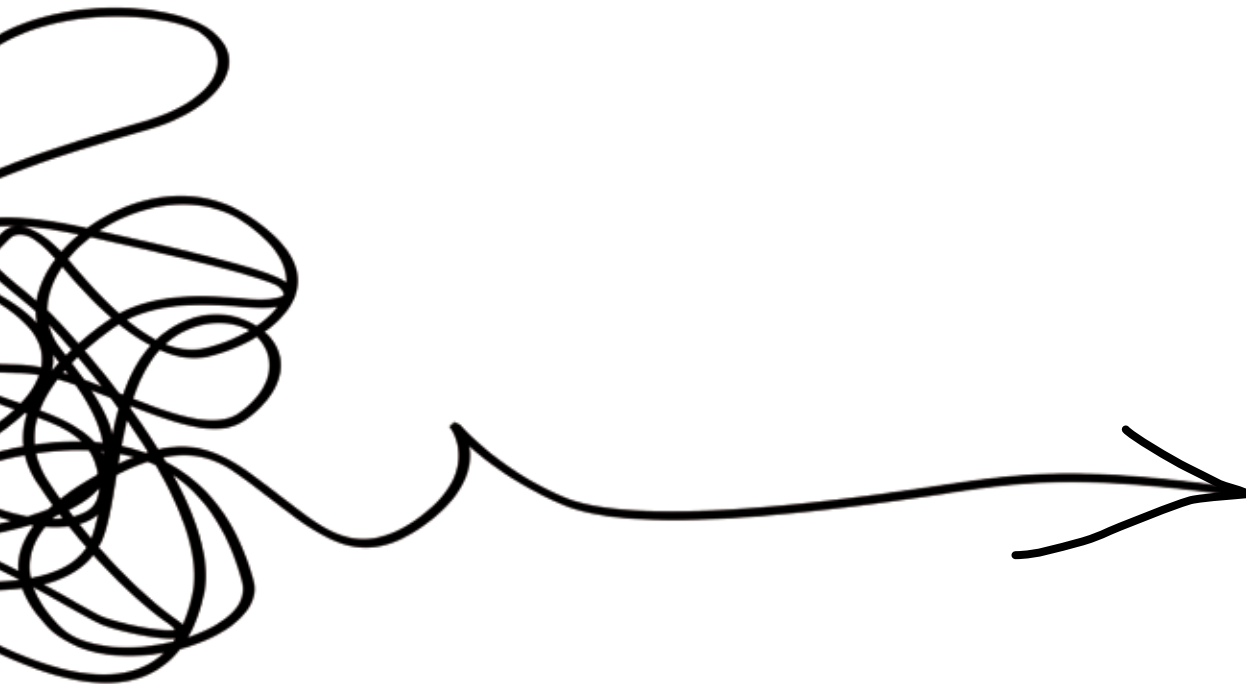




HM Government



MAKING IT
SIMPLE

ANNUAL REVIEW 2008



Foreword



The UK Government has set out an ambitious programme to change the way we regulate. We are cutting out of date and unnecessary red tape to deliver greater accountability, better focused, better targeted and more effective protections.

We are helping to take the pressure off and make life easier for businesses, charities and public sector organisations, which is especially important in the more challenging economic environment we now face.

Regulation can play a vital role in supporting the productivity and flexibility of the British economy. We are working to ensure we have an effective and responsive regulatory framework, now and when we emerge from the global downturn.

Regulation also has a key role to play, making sure essential protections stay in place. Regulation protects virtually every aspect of our lives and it's difficult to imagine a world without it. Imagine life without traffic rules on the road, or a country where children are still sent to work.

However we can protect without placing unnecessary burdens. By taking a proportionate and risk-based approach to regulation, government is improving the way it works with businesses. In this Annual Review, we set out our progress on the regulatory reform agenda in the last 12 months. Government has committed to deliver an estimated £3.4bn net annual savings

to business, public sector and charities by 2010, and we are on track to meet this target. As of December 2008, we have delivered about £1.9bn annual net savings through 240 different measures.

There is no one solution to reduce the burden of regulation in the UK – rather a series of coordinated measures is in place to tackle any unnecessary, out-of-date or overly burdensome regulation. Taken together, actions to review existing and forthcoming regulations, to implement and share best practice in enforcement, and to work in Europe and internationally are making a difference. And simple measures result in real savings for real people – in cost savings and by freeing up businesses, charities and public sector workers to focus on what's important to them.

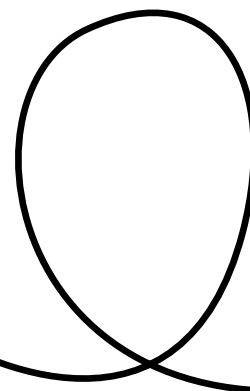
Stephen A. Carter
Minister for Regulatory Reform

Government has committed to deliver an estimated **£3.4bn** net savings a year to business, public sector and charities by 2010.

Did you know...?

- ...you can use **online tools for tax returns** – taking the pain out of tax calculation? Go to p**6**
- ...**online employment guidance** is making life simpler for businesses and saving the UK economy about £420m a year? Go to p**6**
- ...you **no longer need time-consuming inspections** from local authorities for **your building work**? Go to p**5**
- ...a 2008 Government review has recommended a **radical overhaul of planning permission** process that could save the UK economy up to £300m a year? Go to p**16**
- ...in 2008 Government has considered radical new plans to **introduce a budget system** that will control the cost of new regulation? Go to p**14**
- ...working closely with EU partners, the UK Government has persuaded the European Commission to adopt its own 25% target to **reduce the burden of administration** and a common commencement date for all new regulations? Go to p**11**
- ...we put **small businesses at the heart** of Government's thinking about regulation? Go to p**15**
- ...we help **Government departments save you money** by designing better regulation that enables businesses to succeed? Go to p**12**
- ...you can get sample 'good enough' guides to show your business **how to meet health and safety assessments** for your sector – saving you time and hassle and adding up to over £180m in savings to the UK economy this year?..... Go to p**8-9**
- ...you can have your say on regulations that could be simpler at **www.betterregulation.gov.uk**?..... Go to p**20**

Find out more



The big picture

The UK's regulatory environment is recognised as being among the best in the world. The 2009 World Bank Doing Business report puts the UK 6th out of 181 economies for "ease of doing business".

In the current economic climate, businesses must remain competitive. We are committed to ensuring that Government does not create unnecessary burdens on business, and removes existing ones where possible, whilst delivering key social and environmental protections.

This ambitious programme of regulatory reform includes all of Government; government departments and a range of national and local regulators are working together to deliver results.

THE ROLE OF THE BETTER REGULATION EXECUTIVE

The Better Regulation Executive (BRE) was set up to play a lead role in driving through this programme of activities to simplify regulation.

It works with Government departments and regulators to:

- improve the design of new regulations and how they are communicated;
- simplify and modernise existing regulations;
- change attitudes and approaches to regulation to become more risk-based; and
- ensure targets are met and results communicated effectively to key stakeholders.

Making life simple – Improving new and existing regulations

The Government is committed to simplifying the administrative burden of complying with regulations, and has set a target of reducing the burden on business by 25% and reducing public sector data burdens by 30% by 2010.

What we've done so far, and what comes next

To date in 2008 we have delivered over 240 measures to simplify regulation, taking the total savings to date to about £1.9bn. We are on track to achieve our target to reduce the burdens faced by business, public and the third sectors by £3.4bn by 2010, as well as reducing public sector data burdens by 30%.

We are now halfway through the programme of simplification. Along with the benefits already delivered we are seeing a culture change across Government in the way we regulate and engage with business and service providers.

Don't just take our word for it...

Since Government began work to simplify regulations it has saved about £1.9bn net in annual administrative burdens alone – for business, charities and public sector organisations. Our measures are externally validated by a panel including business representatives who have reviewed and confirmed approximately 80% of departments' claimed savings.

See www.berr.gov.uk/bre for more details on the simplification programme.

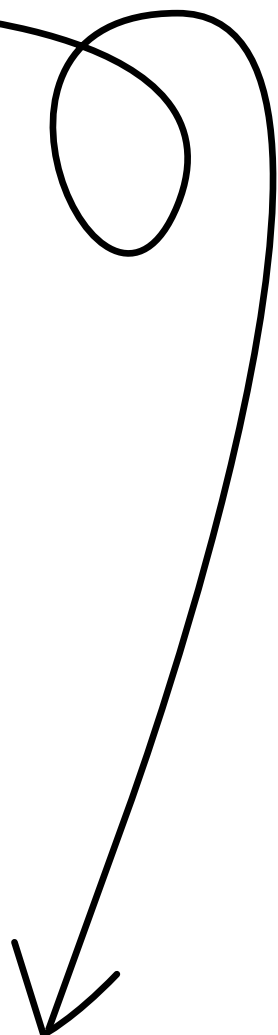
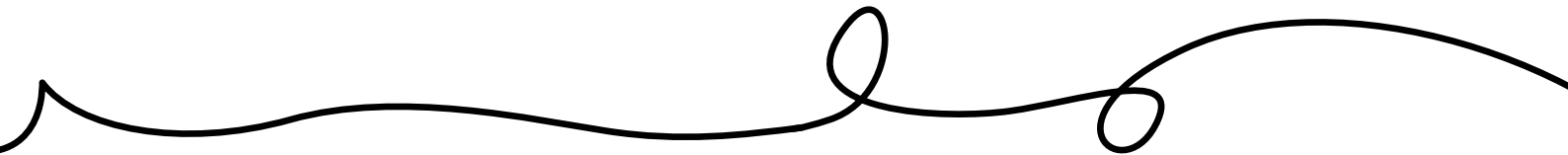


FIGURE 1: TOTAL NET SAVINGS TO 2010

	DELIVERY TO DATE			PLANNED DELIVERY		
	MAY 2006	MAY 2007	MAY 2008	DEC 2008	MAY 2009	MAY 2010
Net Administrative burden reduction £m	£321	£633	£1,485	£1,888	£2,635	£3,353
% Reduction	2.4%	4.8%	11.2%	14.4%	20.0%	25.4%

2008 TOP TEN MEASURES

1	Employment guidance (BERR) Simplified guidance and tools to comply with Employment Law. 1.2 million employers can now access a range of new, online tools including setting out terms and conditions for new starters more quickly and easily, reducing costs by 75%.	ANNUAL NET SAVING (£) 418m
2	Example Risk Assessments (HSE) Easy to follow examples of how to assess risks in the workplace. Lower risk businesses should spend significantly less time completing their assessments.	ANNUAL NET SAVING (£) 182m
3	Competent Persons Scheme (CLG) Allows self-certification of building work by qualified persons, cutting out the need for local authority or private sector inspections.	ANNUAL NET SAVING (£) 136m
4	Weights and Measures (DIUS) Easier to understand guidance and greater freedom for businesses over the measuring equipment used in a number of sectors – primarily food.	ANNUAL NET SAVING (£) 129m
5	Repeal of part XI of Housing Act 1985 (CLG) Reducing the amount of licences required by landlords for low risk multiple occupancy households.	ANNUAL NET SAVING (£) 120m
6	Better Regulation of Medicines Initiatives (BROMI) phase 1 (DH) Faster, simpler way of making changes to over-the-counter medicines.	ANNUAL NET SAVING (£) 104m
7	Licensing Act (DCMS) Making the application process for gaming and alcohol licences more straightforward.	ANNUAL NET SAVING (£) 99m
8	Electronic communication with shareholders (BERR) Allowing firms to send email and electronic documents, rather than hard copies of key documents, such as annual reports.	ANNUAL NET SAVING (£) 76m
9	Gambling Act (DCMS) Simplifying and updating gambling licence applications.	ANNUAL NET SAVING (£) 74m
10	Fire safety Regulations Reform Order (CLG) Making it easier for businesses to understand and comply with fire safety, including removing the need to apply for and keep a copy of a fire certificate.	ANNUAL NET SAVING (£) 53m



These are just some of the ways the Government is saving money for business, while making regulation safe and simple for all.

SIMPLE FOR BUSINESS

More details of how we are making life simpler for businesses.

Changes to company law save businesses around £300m a year

Company law affects 2.5m companies. The Companies Act 2006 made the law simpler, easier to understand and more flexible. This will save British business around £300m a year.

No need to appoint a company secretary cuts out bureaucracy for half of all private companies

Simplified regulations mean 50% of new private companies incorporated in October 2008 did not appoint a company secretary; and 33,000 existing companies no longer need to have a company secretary.

Making employment law simple means less hassle, and about £418m a year in savings

Employment law affects 1.25m enterprises, which employ 24m staff. The Employment Law Guidance Programme features on-line tools and guidance on the Business Link website at www.businesslink.gov.uk/employingpeople to make life simpler for business. This guidance

“

Eliminate duplication and over-compliance with regulations – **improving and simplifying** business operations.

”

helps to eliminate duplication and over-compliance with regulations – improving and simplifying business operations.

This will save businesses nearly £418m a year. As 97% of these enterprises are small – they employ up to 50 employees – small businesses in particular, will benefit from:

- free-to-use online tools which help businesses to comply with employment law. Letters and agreement forms make it quick and straightforward for employers to manage and easier to comply with common employment law obligations; and
- improved communications and changing business behaviour to avoid unnecessary and costly over-compliance with employment law obligations – in particular around records-keeping.



WE'VE SEEN A HUGE COST SAVING

Communication with shareholders is an important part of limited companies' remit. And one of the many benefits of the Companies Act 2006 is the opportunity for companies to make greater use of electronic communication with its shareholders. "For our Annual Report 2006, we printed 35,000 copies to send out to our shareholders" explains Chris Fox, Director of Group Communications at Smiths, a global technology company delivering a wide range of products and services to a variety of different fields.

"But for the subsequent year, we only needed to print 8,000 copies. Which is a huge cost saving." Chris explains that shareholders now have the choice of receiving printed material like their Annual Report or a letter or email, informing them that the information is on the company website.

"Our cost saving for the 2007 report was in the order of £100,000 and because we didn't need to print 27,000 copies of that 104 page document, we saved on paper as well as mailing costs."

SIMPLE FOR CHARITIES

Simpler registration for charities saves £500,000 a year

Thanks to simpler regulations, between 1,000 and 2,000 new charities per year do not have to register, and a further 38,000 registered charities no longer have to remain on the register. This will save charities around £500,000 a year on paperwork.

Guidance on Criminal Records Bureau Checks cuts out unnecessary checks

Charities can struggle to find or make the most of volunteers because of applications for Criminal Records Bureau (CRB) checks. Guidance published in June 2008 on CRB checks for volunteers clearly explains how a CRB check works. It will help organisations that use volunteers to be clear about when they do and don't need to carry out checks on volunteers, and cut unnecessary red tape.

Sensible Risk Management makes it easy for you to know what to do

The Health and Safety Executive aims to reduce the cost of producing risk assessments by a third through the introduction of examples to show lower risk and small and medium sized enterprises (SMEs) what a 'good enough' risk assessment looks like. This will help them avoid unnecessary compliance costs. This campaign benefits charities as it includes an example risk assessment for charity shops.

“

It will help organisations that use volunteers to be clear about when they do and don't need to carry out checks on volunteers, and cut unnecessary red tape.

”

SIMPLE FOR THE PUBLIC SECTOR

Providing medicines safely and simply

Working with the pharmaceutical industry, the Medicines and Healthcare products Regulatory Agency (MHRA) has identified and agreed simplified ways of complying with regulations.

Pilot projects in 2007 streamlined procedures for both the public sector and business. The projects made life simpler by, for example, reducing paperwork and increasing speed-to-market for new products. Savings in the first year exceeded expectations, reaching £112m.

This measure has been so successful that it won the Better Regulation Award at the National Business Awards 2008.

Freeing police from paperwork saves time

Since 2005, police officers have been required to fill out a long form when conducting a 'Stop and Account' – when an officer requests a person in a public place to account for themselves by asking questions beyond just general conversation. In 2008 the Home Office has launched a series of pilots to make it simpler for police to record details.

In these pilots, the police will no longer have to complete a long form containing detailed personal information, therefore saving everybody time. Instead, the officer will simply hand out a business card to ensure the police are still accountable.

IT'S THAT SIMPLE

Improvements to health and safety risk assessments have helped numerous businesses to protect staff and customers while reducing the time and paperwork involved in complying with regulations.

“The new service simplifies the whole thing so much, it's actually improved the industry standard. It's that simple,” says Bill Bennett, Health and Safety Manager for Ladbrokes bookmakers.





“

In these pilots, the police will no longer have to complete a long form containing detailed personal information, therefore saving everybody time.

”

WE HAVE A LOT MORE CONTROL OVER WHEN WE CAN GET OUT TO MARKET

Improvements to the system of regulating and reporting changes to medicines have helped pharmaceutical companies save time and money, and get new products to market more quickly. Johnson & Johnson, for example, can take advantage of a faster approval system thanks to the Better Regulation of Medicines Initiative. As Gill Peckham, Head of Regulatory Affairs puts it, “we self certify, So now we have a lot more control over our timings – and when we can get out to market.

For example, we had a bottle label that needed to be changed in its shape. In the past, it would have taken 3-5 months to get this change approved. But because we now self certify, we could change it immediately. For us, last year, speeding up that one label change saved us 8,000 Euros in line efficiency.”



SIMPLE FOR CITIZENS

All citizens – as beneficiaries of public services, consumers, as employers and staff, public sector or charity workers – ultimately benefit from simpler, but safe regulations.

One example of how our work makes life easier is the Energy Performance Certificate. Since 1 October 2008 all homes sold or rented need to have an Energy Performance Certificate, which rates the building's energy efficiency. Government has raised the time limit for which the certificate is valid from 1 year to 3 years – reducing costs for both sellers and landlords. It will save those selling or renting out properties around £100m a year but still leaves homeowners or landlords the option of renewing their certificate if they think their rating has improved.

SIMPLE IN EUROPE

Over 2008, the UK Government has continued working with the EU and internationally, to raise the profile of the better regulation agenda. This has led to some significant achievements that will bring real benefits to businesses in the UK: working closely with EU partners, the Government has persuaded the EU to adopt a 25% target to reduce the burden of administration and to introduce a common commencement date for all new regulations.

The European Commission has also agreed to consider small businesses in all new policy proposals. This means that the Commission will review the potential impact of new regulations on Europe's SMEs and routinely consider special measures that might ease the burden of these regulations on SMEs. The Commission has also committed to putting forward a proposal that would exempt micro-businesses from the requirements of the accounting and auditing directives, an idea strongly promoted by the Department for Business, Enterprise and Regulatory Reform. This would contribute significantly to the achievement of the EU's 25% burden reduction target and would lead to savings in the UK of about £100m-£200m.

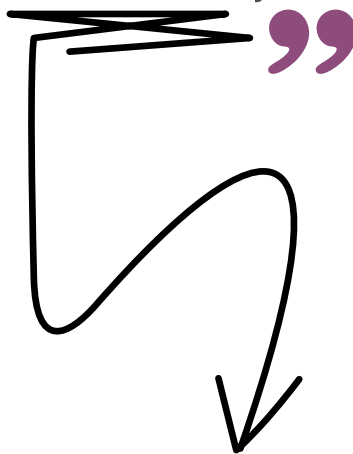
DESIGNING BETTER REGULATION

Government departments and regulators work together to monitor which new regulations and policies are in the pipeline, and which existing regulations could be modernised. We are committed to ensuring that the design and modernisation of policies and regulations achieve our aims while having the lowest possible cost to business, charities and public sector organisations.

For example, during the consultation on the new Nitrate Vulnerable Zones rules, the National Farmers Union, the Department for Environment Food and Rural Affairs and Better Regulation Executive suggested changes to the proposed action programme. The original proposals included a requirement for fields left bare over the winter harvest to have cover crops. This requirement has now been removed along with other changes, avoiding new burdens on farmers of up to £100m a year.

“

This requirement has now been removed along with other changes, avoiding new burdens on farmers of up to **£100m** a year.



“

We are **committed** to ensuring that the design and modernisation of policies and regulations achieve our aims.

”



WE GAINED SALES LAST YEAR THAT WE WOULDN'T HAVE HAD

“We gained sales last year that we wouldn’t have had”, says Nicholas Smalley, Regulatory Projects Manager at Perrigo, a leading supplier of own-label, over-the-counter medicines based in Barnsley. Until recently the regulation of the industry placed a heavy administrative burden on companies. Improvements to over-the-counter medicines registration has meant, in Nicholas’ words: “we were able to supply a new hay fever product in the middle of the season in June. Having just one more product on the shelves for an extra ten weeks earns an extra £20,000 a week”.



Changing attitudes to regulation

REGULATORY BUDGETS – PRIORITISE AND CONTROL THE COST OF REGULATION

As well as getting the type and level of individual regulations right, we need to manage their cumulative impact on business. Regulatory budgets would provide an overall mechanism to manage regulatory costs. This would benefit businesses by providing greater certainty over future regulation, especially in a challenging economic climate. There is a strong case for a clear and robust process for setting priorities and controlling the costs that businesses can be expected to absorb year on year.

In 2008 Government consulted on a system of regulatory budgets that would ensure the UK continues to be the one of the best places in the world to do business – at the same time continuing to protect our environment and our society. Such a system would ensure:

- better prioritising of regulation by government departments;
- greater transparency around calculating the impact and the opportunity costs of regulation for business;
- Government can maximise the benefits and minimise the costs of regulation; and
- greater scrutiny of regulatory proposals.

The consultation period ended in November 2008 and the Government is now considering the next steps.

“

A number of businesses and trade associations shared the view expressed by the CBI, who themselves represent the views of some 240,000 businesses “a system of **regulatory budgets** should allow the government to provide a **joined-up approach** to better manage the amount of old and new regulation...”.

”

**REVIEWS –
IMPROVING THE WAY WE DO THINGS**
**Giving business greater certainty
over guidance**

Every year almost half of all businesses pay for external advice to help them follow regulations, which costs them at least £1.4bn. Government will publish shortly an independent review, led by Sarah Anderson CBE, into how small businesses can have greater certainty around guidance. The review is developing a series of steps to give SMEs a better understanding of how to comply with the law. It is also looking at ways to improve the clarity, consistency and accessibility of guidance. See www.berr.gov.uk/bre for more details.

**EVERYTHING WE NEED
TO KNOW IS THERE**

NetRegs

NetRegs is a web-based single source of free environmental guidance for UK businesses – found at www.netregs.gov.uk. It was developed to target ‘difficult-to-reach’ businesses, particularly SMEs, and makes advice and guidance available in a range of different ways; for example aimed at specific business sectors and categorised by environmental topics. NetRegs also provides e-alerts to subscribers, with free guidance by email informing businesses of the latest changes to environmental regulations and what they need to know in order to comply.

Safer food, better business

The Food Standards Agency guidance pack, Safer food, better business, has been designed specifically to help small food businesses comply with food hygiene regulations with the help of a simple, easy to use information pack, including a DVD guide, available in 16 different languages.

“

No inspection should take place without a reason.

HAMPTON REVIEW, 2005

”

“

Regulators will have access to a more flexible and **proportionate range of sanctions** as an alternative to criminal prosecution.

”

A faster and more responsive planning process

The unnecessary bureaucracy of the planning application process has been a consistent concern for small businesses for many years. An independent review by Joanna Killian and David Pretty, published in November 2008, sets out recommendations on how to make it faster and more responsive.

The review calls for:

- applications to be more proportionate to the size and scale of proposals;
- a greater focus on engaging local communities;
- streamlining national planning policy to prevent conflicted or overlapping statements from holding up decision making; and
- councils to give better advice through online planning.

See www.berr.gov.uk/bre for more details.



Helping consumers with simpler protections

The Consumer Law Review is looking at where existing consumer legislation can be simplified, whilst continuing to ensure the public (especially vulnerable consumers) get a fair deal on the products and services they buy, however they are sold and purchased.

Markets and technologies continue to develop at pace. Our legislative system has to keep up and provide consumers with adequate protection as people are obtaining products and services through new channels and across borders. See www.berr.gov.uk/bre for more details.

Improving how we consult with stakeholders

Government has introduced a new Code of Practice on Consultation that all Government departments should comply with when running formal, written consultation exercises from November 2008. The new Code should lead to noticeable improvements in how Government consults.

The new Code sets out when to consult, the length of consultation exercises, how to make impact assessment an integral part of consultation exercises, how to reduce the burden of consultation, and make consultation exercises more responsive.

Local action for better regulation

The Local Better Regulation Office has been set up to transform the way local authorities regulate. This will reduce burdens to business and help ensure proportionate treatment by local authorities.

The “Primary Authority” scheme gives businesses operating across a number of councils, the option of a lead local authority that other councils will need to consult before taking enforcement action against it. This will eliminate inconsistency between local authorities.

Regulators will have access to a more flexible and proportionate range of sanctions as an alternative to criminal prosecution. The new sanctions will mean that regulators will be able to impose fines that reflect the financial benefit a business may have gained in breaching regulations. This will level the playing field for compliant businesses. The proposals will also mean that the weight, and cost, of criminal prosecution are reserved for those cases that really deserve it.

More effective regulators, better outcomes for all

Government asks regulators to perform their duties in a business-friendly way, by planning regulation and inspections in a way that causes least disruption to the economy. The Regulators' Compliance Code, from 2007, sets out the principles of good regulatory and enforcement practice for regulators to improve the efficiency and effectiveness of their work.

Businesses can expect regulators to:

- consider their impact on economic progress;
- take account of actual risk posed by regulated entities before carrying out inspections;
- use targeted and practical advice and guidance for businesses; and
- consult businesses when considering risk and setting their performance standards and targets, and handle business complaints effectively.

Government has already reviewed five regulators' progress against these standards. Reviews of the other 31 relevant regulators are currently taking place. See www.berr.gov.uk/bre for more details.

“

Regulators should provide authoritative, **accessible** advice easily and cheaply.

”



Reducing the burden of information requests on business

Regulators have reduced the number of forms and the amount of information they request from business; the Health and Safety Executive, for example, has reduced the number of forms it uses for collecting information from business by over 50%. The Environment Agency is part way through a project to reduce the number of its forms and has already reduced them by approximately 30%.

Many departments are moving to the online submission of the most frequently used forms, bringing regulatory activities online, and developing 'one-stop shops' for business.

IT'S A VERY GOOD SCHEME

Friday night in Newton Abbot, Devon and The Eastern Eye, an 120 seat Indian restaurant in the town centre, is packed out with diners enjoying the start of the weekend. This is a thriving and popular local business, with 15 staff, seven of whom work in the restaurant's kitchen. According to Abdul Hoque, the business is running better than ever – mainly because they're benefiting from an innovative new approach to food safety management, developed recently by the Food Standards Agency.

The pack explains everything a small food business needs to know about food hygiene and safety. And it also includes a simple, day to day diary, designed to help small restaurants like this run their outlet more effectively.

"A lot of our kitchen staff are Bengali" explains Abdul. "The diary is very helpful because it allows us to put everything down correctly on paper. It means the chefs can carry out all the right safety checks and sign it every day. But for us, the real value of this scheme is having the DVD available in Bengali. So we can sit down with the kitchen staff and go through each section with them, explaining things like cleaning, freezing, cooking safely, reheating food – in their own language. Which means they know exactly what they should be doing.

"We think it's a very good scheme."

Communicating with business & other stakeholders

In order to ensure better regulation, Government is committed to focusing not only on changing the way we regulate, but how we communicate with our key stakeholders. Government wants to make sure stakeholders benefit from these changes and to ensure that they are felt on the ground.

The UK consistently scores higher than many other European countries in independent reports for the ease of doing business, and 40% of businesses do not see regulation as an obstacle to success at this time (NAO 2008). We actively encourage feedback and suggestions to improve regulation for business effectiveness, and to communicate our successes to date in a meaningful way. We want to show people how things are changing for them and tackle the gap between the perception of regulation and the reality of how Government is really making a difference.

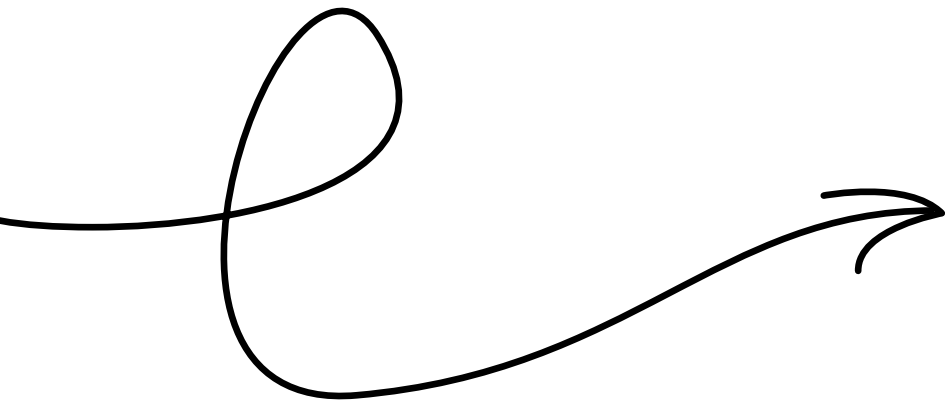
Our communication activities help stakeholders – particularly the business sector – understand the benefits of better regulation, including the protections provided by regulation, and the positive difference it makes for them. At the same time, we focus on building relationships with stakeholders to actively involve them in communicating the value of better regulation.

Businesses, third sector organisations, public sector staff and citizens can visit www.betterregulation.gov.uk to tell us where red tape can be revised, reduced or removed. We also run a programme of events and visits to ensure an open dialogue and see first-hand the issues affecting businesses and front-line public sector workers.

“

We actively encourage feedback and suggestions to **improve regulation** for business effectiveness, and to communicate our successes to date in a meaningful way.

”



DO YOU HAVE AN IDEA ON HOW TO IMPROVE REGULATION?

Then help us by visiting our website and telling us how we can make life easier for you.

Even the smallest ideas can make a difference.

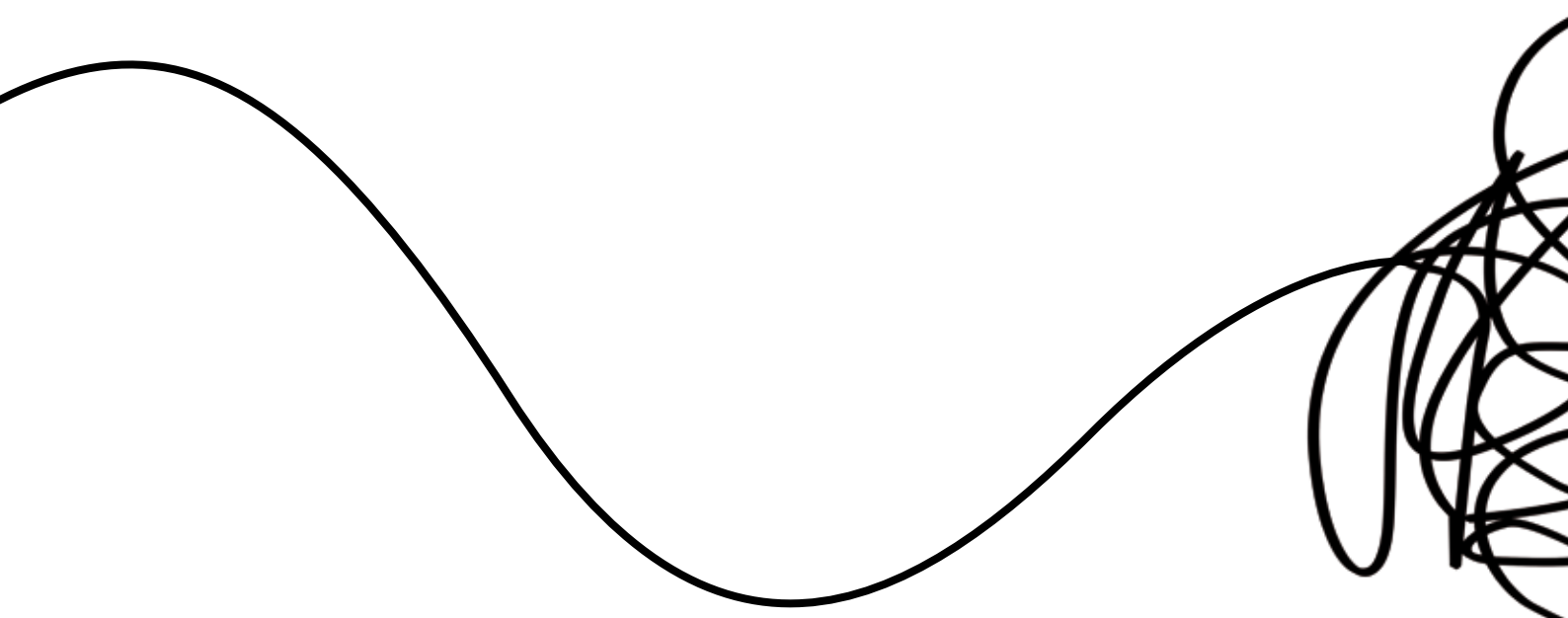
www.betterregulation.gov.uk

Contact us at:

Better Regulation Executive
1 Victoria Street
London SW1H 0ET

Please email any queries to
info@betterregulation.gov.uk
or visit www.betterregulation.gov.uk
for more information.

For media queries please contact us at the email address above or on 020 7215 0782 / 020 7215 5965.



BRE
BETTER
REGULATION
EXECUTIVE

www.betterregulation.gov.uk
URN 08/P70