

Economic Development & Transport Committee

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Date:	16 March 2006
Time:	9.00 to 12.20
Venue:	Committee room 3, Senedd, Cardiff Bay
Title:	CBI Wales Paper on the Legislative and Regulatory Reform Bill

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1. The CBI is the UK's foremost business representative body dealing principally with cross-sector issues, which affect the business environment in which all companies operate. The CBI's strength lies in its breadth of membership, which includes companies of every size, including over 200 trade associations and academic institutions, and from all sectors of the economy – manufacturing, construction, retailing, financial services, e-commerce, leisure, transport and so on. The CBI represents companies employing about 50% of the private sector workforce in Wales.
2. The CBI responded to the UK Government's consultation on the Legislative and Regulatory Reform Bill in October 2005, following extensive consultation with members across the UK, including Wales. We are involved in ongoing discussions with Government on this issue. The CBI's response to the consultation is attached at Annex 1.

The Legislative and Regulatory Reform Bill is intended as an enabling tool for implementing 'better regulation agenda' reforms. Delivery of quick and efficient regulatory reform and a move to a risk-based approach to regulation would be good news for business and other regulated organisations.

3. The CBI believes that an appropriate regulatory environment is a key factor in ensuring both fair competition and the efficient operation of open markets. However, business in the UK is spending an increasing amount of time and money on complying with government-imposed bureaucracy rather than on creating wealth. It is in this context that the CBI has called on the Government and policy-makers to lessen the overall burden of regulation on business. The Legislative and Regulatory Reform Bill could deliver the right structure for quick regulatory reform of unnecessary or over-complicated regulation and a risk-based approach to the making and enforcement of regulation, which would be welcomed by regulated business.

4. Crucially for business, Part 2 of the Bill could initiate a ‘culture change’ among policy makers and regulators to encourage a move towards a more business-friendly culture; a risk-based approach to regulation including consistency and clarity of intent to avoid unintended consequences.

The order-making powers set out in Part 1 of the Bill can be used for implementing proposals to simplify legislation, effecting mergers of regulators, facilitating data sharing and electronic information and delivering recommendations about penalty reform made by the Better Regulation Executive .

5. With regard to Part 1 of the Bill, the CBI is seeking assurances on the following concerns:

- In its response to the consultation document "A Bill for Better Regulation" (attached at Annex 1) the CBI argued that current safeguards in the Regulatory Reform Act 2001 should be carried forward to ensure proper scrutiny of proposals for legislative reform. The CBI is concerned that these safeguards are not included in the Legislative and Regulatory Reform Bill.
- Business wants to see a strong, effective and risk-based regulatory regime where the cost of complying with regulations does not outweigh the benefits. So, whatever measures are taken to deliver ‘better regulation’ through simplification, the quality of legislation and regulation must not be damaged.
- Mergers of regulators should only take place on a case-by-case basis and only after full consultation with stakeholders. Any ‘new’ regulator must be capable of delivering a common and business-friendly ‘culture’ throughout the regulator to guarantee a joined-up, consistent and risk-based approach to enforcement decisions and inspection.
- It would, in principle, be helpful if government departments and regulators could share information to reduce duplication and reduce the amount of information that companies have to provide. However, the information provided must only be used for the same type of purpose by all bodies and careful and detailed consideration must be given to concerns related to data protection and privacy.

Business would welcome the duty of a person exercising regulatory functions to adhere

to the Better Regulation Commission principles of good regulation, as set out in Part 2 of the Bill.

6. The CBI agrees with the Better Regulation Commission's five principles of good regulation and with the provision that any person exercising a regulatory function should have regard to the principles. In terms of issuance of a Code of Practice in relation to the exercise of regulatory functions, the CBI is of the view that any such Code must be a concise statement of enforcement principles setting out, in clear terms, the factors that should inform a regulator's approach to enforcement and dealing with business. The CBI has in the past suggested a review of the existing Enforcement Concordat and that it would be helpful to give its principles statutory basis.

Provisions in part 3 of the Bill for reducing the number of domestic instruments needed to transpose EU legislation might reduce gold-plating and burdens on business.

7. Gold-plating of EU Directives at national level remains a concern of business operating in the UK. The CBI has welcomed the European Commission's better regulation programme, however simplification and clarification of EU regulation must also take place at national level since individual Member States are responsible for the implementation of EU regulations.