



House of Commons
Regulatory Reform Committee

**Government Response
to the Committee's
First Special Report of
Session 2004–05:
Operation of the
Regulatory Reform Act
2001**

**Second Special Report of Session
2004–05**

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The Regulatory Reform Committee

The Regulatory Reform Committee is appointed to consider and report to the House of Commons on proposals for regulatory reform orders under the Regulatory Reform Act 2001 and, subsequently, any ensuing draft regulatory reform order. It will also consider any "subordinate provisions order" made under the same Act.

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Powers

The full constitution and powers of the Committee are set out in House of Commons Standing Order No. 141, available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/regrefcom

A list of Reports of the Committee in the present Session of Parliament is at the back of this volume.

Committee staff

The current staff of the Committee are Mick Hillyard (Clerk), Stuart Deacon (Committee Specialist), Brian Dye (Committee Assistant) and Liz Booth (Secretary).

Contacts

All correspondence should be addressed to the Clerk of the Regulatory Reform Committee, Committee Office, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 2837; the Committee's email address is regrefcom@parliament.uk.

First Special Report

1. On 31 January 2005 we published our report into the operation of the Regulatory Reform Act (RRA) 2001. In that report we discussed the workings of the RRA and the suggestions made by the Cabinet Office for amending it. Overall, we gave a very cautious response to the suggestions made, but urged the Government to undertake its promised review of the RRA. We also made some suggestions of our own covering Law Commission proposals and Company Law amendments for the review team to consider when assessing the workings of the RRA.

2. In its response to our report, the newly appointed Minister for Regulatory Reform, Mr David Miliband, wrote to the Chairman on 22 February 2005. The letter is published as an Appendix to this Report.

3. The Minister welcomes our preliminary comments on the Cabinet Office's suggestions, which are considered to form a helpful starting point for the full review, and shares our view that the Government now needs "to embark upon a full review of the Act". We note also the Government's current thinking is that the review of the Act would incorporate a full public consultation, later this year. We hope that the Government will embark on the consultation without delay so the review may be completed at an early date. As regards our recommendation that Departments be required to report annually on their progress in removing redundant legislation, we intend to assess how well the Cabinet Office monitors compliance by Departments.

Government response

THE OPERATION OF THE REGULATORY REFORM ACT 2001: FIRST SPECIAL REPORT OF SESSION 2004-05

I am writing in response to the Regulatory Reform Committee's First Special Report of Session 2004~05 about the operation of the Regulatory Reform Act 2001 (RRA).

I would first of all like to introduce myself as the new Minister for the Cabinet Office and to thank you and the Committee for the detailed suggestions made in the report. My predecessor, Ruth Kelly, gave evidence to your Committee in November 2004 and I have taken her evidence and the Committee's comments into account when considering the issues your report raises.

Better Regulation Agenda and Number of RROs

I welcome the Committee's on going support for the better regulation agenda, and share their view of the importance of keeping the focus on improved *outcomes* rather than the means of delivery. I also welcome the Committee's recognition of the economic significance of the reforms delivered by Regulatory Reform Order (RRO) to date. RROs will continue to provide a very useful mechanism for delivering significant reforms in addition to those that can be delivered by other means.

I note that the Committee considers that Departments should be required to report annually on their progress in removing redundant legislation. Since last year departments have indeed been required to report progress on delivering the better regulation agenda (including RROs and other deregulatory measures) in their annual reports. Departmental progress is scrutinised by the Better Regulation Task Force.

Review of the RRA

The Committee's report notes that the Prime Minister has publicly expressed his support (in his speech to the CBI on 18 October 2004) for amendment to the Regulatory Reform Act to make it easier to remove redundant legislation. Ruth Kelly's letter to you in September on the workings of the Act, and the subsequent evidence session presented our initial thoughts on areas in need of reform. These suggestions were based on direct evidence from departments with experience working on RROs to date.

I share the Committee's view that we now need to embark upon a full review of the Act, and I very much welcome the preliminary comments the Committee has made on our suggestions so far. I particularly note the Committee's view that removal of redundant regulation should be "at the heart of" any proposed reforms, and their concern at the constitutionally significant nature of some of the proposed areas for reform.

These comments form a helpful starting point for the full review. I can assure the Committee that the Government fully recognises the constitutional significance of the RRA and will not undertake any reforms lightly. With this in mind, our current thinking is that the review of the Act should incorporate a full public consultation, later this year.

Law Commission and Company Law Reforms

I welcome the Committee's views on implementing Law Commission proposals by order and agree that the full review of the RRA should explore the possibility of including a fast track process for this in the RRA. I understand that Company Law proposals are already well developed and it is more likely that the Company Law Bill will contain a power to reform company law by super affirmative Order, similar to RRO. My officials are working, closely with the relevant departments on these issues.

Procedural Reforms

The Committee has also responded on a number of the proposals for procedural simplification made in Ruth Kelly's September letter.

I note that the Committee considers the case for a presentation by officials on a case-by-case basis and agree that a presentation provides an opportunity for officials to explain and justify the key features of their proposals. I am keen to ensure that straightforward RROs are made with the minimum of bureaucracy and I am pleased to learn that the Committee will not require officials to deliver a presentation on very minor proposals.

Although the RRA does not require a full Regulatory Impact Assessment to be carried out for all RROs I understand this was a commitment given during the passage of the Act. I am pleased that the Committee feels that a thorough analysis of costs and benefits of each proposal is sufficient.

I look forward to continued close cooperation with you and the other members of the Committee on this important work. I am copying this letter to the Prime Minister, members of LP Committee, and Regulatory Reform. Ministers.

David Miliband

Minister for Regulatory Reform

(22 February 2005)