

MONDAY 14 DECEMBER 2009

Present

Bradshaw, L
Dykes, L
Freeman, L (Chairman)
James of Blackheath, L
Plumb, L
Powell of Bayswater, L
Rowe-Beddoe, L
Walpole, L
Whitty, L

Memorandum submitted by Department for Business, Innovation and Skills

Examination of Witness

Witness: **Ian Lucas**, Member of the House of Commons, Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills, examined.

Q89 Chairman: Let us begin officially by welcoming the Minister, Ian Lucas MP, Parliamentary Under-Secretary of State, Department for Business Innovation and Skills. Thank you very much indeed for, not only your written evidence, but also for coming and joining us. I should say that we hope to discuss a draft report the second Monday we come back in January and we are hoping to publish our conclusions, with the approval of the Select Committee, some time in February, early February, I would have thought. We have been focusing on impact assessments, as opposed to the wider issues of better regulation. With that brief introduction, could I ask you whether you would like to make an opening statement or shall we go straight into the questions?

Ian Lucas: I think we should just go straight into the questions, if that is okay with you.

Chairman: Good. Thank you. Lord Bradshaw.

Q90 Lord Bradshaw: Good afternoon. There are new impact assessment guidelines and I think we are very interested to know about the quality of what has been done, whether you think that the costs and the benefits which are included in them are reliable and are the bases for the figures used transparent? Are we getting something worth having or is it just a lot of bureaucracy winding round?

Ian Lucas: I think that we are getting something worth having, but not in all cases. There are impact assessments that have been made that have been very helpful to us and very helpful to UK government departments in particular areas and, if impact assessments can be made at a European level in respect of European Directives, then that could be very helpful in preparing impact assessments for consideration in delegated legislation within the UK Parliament, so those are very, very valuable, but I do not think that all of the impact assessments that have been made at the present time are of sufficiently high quality. It is a relatively novel process within the European Union, and I think therefore that is not altogether surprising, but it is a valuable process. There are examples of it having been done very well. There is an example in air quality, for example, that has been very helpful. It will improve. We want to push ahead our agenda making it improve at a European level to assist us in legislation here.

Q91 Lord Bradshaw: In your written evidence you go on to suggest the Commission is not producing impact assessments on all measures with significant impacts, but the Impact Assessment Board think that they are producing these. What are your thoughts generally on whether the impact assessments are yet addressing the most significant things, and do you know of any or think there are some things which should have been impact assessments and have not been?

Ian Lucas: There is one particular impact assessment that has not been made on VAT electronic invoicing that we think is a significant proposal which the Commission estimates

could actually bring about savings of 18 billion euros across the European Union. We think that is an example of there not having been an impact assessment done when it ought to have been done. We accept that there will not always be a compelling case for making an impact assessment where a relatively trivial amount is involved, but where there is a very significant impact we do think it is valuable. We accept that the impact assessments are being made in most cases, and they are very valuable and I think real progress is being made by the Commission in this regard, but there are still individual cases where the assessments have not been made and I think that is unfortunate. We hope to continue to persuade the Commission to take this agenda forward and ensure that, in every significant case, in every proportionate case, the assessments are made.

Q92 Lord Bradshaw: Can I pick you up on electronic preparation of invoices?

Ian Lucas: Yes, VAT electronic invoicing. The Commission adopted a proposal to amend its VAT Directive in January 2009. Firstly, the measure did not appear in its annual work programme and an impact assessment was not actually produced, despite it having significant impacts - as I say, at an estimated saving of 18 billion euros - and, therefore, we think that was an example where the position was not as we would have liked it to have been.

Q93 Lord Bradshaw: The economy is in the actual collection of value added tax.

Ian Lucas: That is right.

Q94 Chairman: When Lord Adonis came to give evidence on infractions of the first railway package, he very kindly, subsequently, sent us a list of those countries who are not fully implementing the freight package. The reason I mention this is that it would be very helpful if you have in the department a list, say, over the last few years of absent impact assessments. It would greatly help the Committee to attach that as an annex to our report.

Ian Lucas: I am sure that we would be very happy to investigate that and produce a list for the purposes of the report. I think it would be very valuable too.

Chairman: Thank you very much.

Q95 Lord Whitty: We have been talking about the Commission producing impact assessments. Do you also think that the whole range of proposals that come up in comitology should also be subject to the full impact assessment proposition?

Ian Lucas: I think that any significant proposal that comes forward should be subject to impact assessment, whether it is through the comitology process or through the Commission's proposals for regulations and directives. Comitology is, essentially, delegated legislation which can be carried forward by the Commission, and it is important, therefore, that anyone who is scrutinising those proposals should be in a position to assess the impact of those proposals. I think, in those circumstances, it would be valuable to have impact assessments made, again, where it is proportionate and where the impact of the particular proposal is significant.

Q96 Lord Whitty: They use the same process as the Commission use; they use the same resources as the Commission for drawing up the assessment.

Ian Lucas: Yes, I think, essentially, it would be the Commission that would draw up the assessment in that particular case, as it would be with any other proposals.

Q97 Lord Whitty: I think we are going on later to proposals which come up through the European Parliament, for example, which is a completely different process, but I will delay that one. The other thing I am interested in is the relationship between the European process and the British process of which, I think, our first take was there was not much. We did have an example from the HSE, who showed us that they prepared their impact assessment for UK

regulation by directly extrapolating the figures from the one that the Commission had done at a European level, but they also said this was an extremely rare occurrence with the HSE. I am not really aware that this is a very frequent occurrence in any part of government, your own department or others. Is there a relationship between the work done at a European level and what might be followed through either in transposition or in British level directives?

Ian Lucas: I sincerely hope there is, because, obviously, the proposals that are made at a European level directly impact on the UK in due course, and the earlier that one can engage with that process, then the more appropriate the legislation through the form of Directives coming from the EU will be. So I think early engagement when a draft proposal of whatever kind is made in the European Union should be facilitated by the UK Government. We want to be involved in that process because frankly, we take the rap when that comes through at the end of the day and the Directive or the proposal is unsatisfactory for UK business, UK consumers. In my job, the principle of engagement at every stage of regulation is very important and European regulation is no exception to that.

Q98 Lord Whitty: I think the problem that is identified for me anyway, I am not sure about my colleagues, is that partly because the Brits have been earlier in the process of drawing up impact assessments (and there is a certain sniffiness about the European level, some of which you have reflected yourself) that actually most government departments want to use their own material and their own ways of drawing up impact assessments even if there has already been some work in Brussels.

Ian Lucas: If that is the case, then I do not think it makes sense. Clearly, the proposals coming forward from the European Union will have a direct impact on the departments and, in due course, on businesses, consumers within the UK, and we cannot have people singing from different song sheets in respect of the same proposal. The engagement needs to happen between the European Union and the UK Government to make sure that when the

implementation takes place at UK level we have got a sensible, overall cohesive proposal that is implemented in legislation within the UK.

Q99 Chairman: Could you help us? It is not necessarily a request for written information, but can you share with us your impression about how other countries prepare their own impact assessments? I know the Commission, for instance, produces its own, but are the Brits almost unique in the thoroughness and the extent of impact assessments that departments produce for the UK Government?

Ian Lucas: I think there is a different culture as regards UK impact assessments and I gather there are complaints about this sometimes. We are very figures driven in that we think that cost/benefit analysis in numerical terms is very important, and I think that that creates some disagreements sometimes with other European countries because they do not think that that numerical cost/benefit analysis is as valuable as we think it is, and that is partly a cultural difference, I think, and a difference in the way that draft legislation is proposed. I suppose, from our point of view, the creation of impact assessments is a relatively novel process and it is a discussion that we are still having with other European countries to try and bring them on board. We have allies in this regard, but we have some people who do just not agree with it.

Q100 Lord Bradshaw: You are the second person who has sat there in the last month who has cast doubt on the way the British Government puts a lot of emphasis on cost/benefit analysis and other countries in Europe do not. Have you any idea of the proportion of countries which hold out the cost/benefit analysis as a sort of totem and how many people do not? Are we in a very big minority?

Ian Lucas: I cannot give you a proportionate approach, because I think it will differ in different individual cases, but I do not think we are in the majority in this. I think that is the furthest I can go.

Q101 Lord Dykes: I see that, quite unusually, you speak German.

Ian Lucas: *Ein bisschen!*

Q102 Lord Dykes: I wondered if you had had a chance to discuss with German colleagues the *Wirkungsabschätzung*, the impact assessments, and the way they use them?

Ian Lucas: Strangely, I did meet with Eckart von Klaeden, who is the new minister in Germany (who was appointed, I think, last month) earlier this month. I did not specifically discuss with him impact assessments, but I did discuss working more closely with the Germans in terms of the Better Regulation Agenda as a whole. Certainly, we regard impact assessments as very important within the UK. We had a very constructive meeting and we talked about perhaps organising a seminar together to talk about better regulation and, as part of that, we would want to be talking about impact assessments and the progress we might be able to make within the European Union. We are always seeking to attract friends.

Q103 Lord James of Blackheath: Minister, we have been getting some reports coming to us that the focus both of the UK and some other Member States on administrative burden reductions is disintegrating the logic of integrated IAs. Does that ring any bells with you?

Ian Lucas: It rings bells with me. I do not accept it. I think that administrative burden reductions are very, very important. When I talk to business and many other individuals within the UK, when they think about the stock of regulation they think very, very hard and make strong representations to me about the importance of administrative burden reductions, and I think that it is important that is in my mind when I am looking at the issue of regulation. I think it is in my mind but it does not dominate what I do.

Q104 Lord James of Blackheath: I think I am hearing you say you disagree with the thrust of the question. So why do you think we have been getting such strong representations along those lines? What is the misapprehension that is being given?

Ian Lucas: I think it is the misapprehension that that dominates the approach that we have to regulation, because I think what we want to do is improve the regulations brought forward. With regulations we, therefore, look at cost/benefit analyses, we also look at environmental, social and economic impacts of regulation. We do have a broad consideration of the various impacts of regulation, but, as far as existing regulation is concerned, we are conscious of the representations that we get from business, for example, about administrative burden, and that is important. We want to try and reduce burdens for business as far as we can.

Q105 Lord James of Blackheath: Do you think it is possible that people are reporting what they expect to see rather than the reality that they find?

Ian Lucas: I do not quite understand the question.

Q106 Lord James of Blackheath: I am wondering whether people are projecting their belief in what might be happening rather than reporting on the firm evidence of what they have seen?

Ian Lucas: Do you mean the bit that is representative of organisations from business?

Q107 Lord James of Blackheath: I only put it that way because you are quite at variance with some of the reports that we have had, so I am just trying to find out why we may have had such different reports.

Ian Lucas: For example, we asked for evidence of regulations with which business was dissatisfied recently. The Institute of Directors came forward with 300 regulations, or

something approaching that¹ - I speak from memory - asking us why these particular regulations were in place. Some of them, because we carry a broad approach to the regulations, we regarded as necessary and defensible, and we said so, but with a number of them we took on board what the IoD had to say and actually were acting on them. A number of them we were actually acting to limit the regulatory impact already. So we have an approach to regulation that is broader than narrow cost/benefit economic impacts but we do regard reducing administrative burdens as very important.

Q108 Lord James of Blackheath: That is very helpful as background to what may still be something of a conundrum for us, but, moving on, the Commission has recently published a Communication on the action programme for reducing administrative burdens. What is your assessment of the Commission's progress in meeting the target of a 25 per cent reduction in administrative burdens by 2012?

Ian Lucas: Firstly, we greatly welcome the Commission Communication, because I think that shows the extent of the culture change within the Commission, the fact that such a challenging target is being pursued. But it is very challenging and it is going to be very difficult to achieve. I also think that it will be some time before businesses within the European Union will actually feel the benefit of the proposals, because the Commission alone cannot deliver the target; there has to be a buy-in by the Parliament and by the Council too. The steps forward that the Commission have made in recent years have begun to be taken on board by the European Parliament but perhaps less so by the Council, and I think that the progress that the European Union will make will be constrained by the lack of buy-in right across the board.

¹ The actual figure is 269

Q109 Lord James of Blackheath: Thank you for that. I think that goes to some part of the answer to the final bit of the question here, but there is one bit I will ask you. If, indeed, the Government's claim that they have been working to promote the benefits of better regulation with the MEPs and Member States' representatives in the Council, as I think you are referring there, could you give us an account of the actions that you have been undertaking in this respect of support?

Ian Lucas: As I mentioned earlier, I personally have met with the German Better Regulation Minister to discuss with him our Better Regulation Agenda in the UK and how we can meet with the Germans and discuss the way that we are going to take matters forward. My colleague, Lord Davis, has met with several key German and UK committee chairs, including Sharon Bowles, who heads up the Economic and Monetary Affairs Committee, and Herbert Reul, who chairs the Industry Research and Energy Committee, and better regulation featured prominently in those discussions; and I am going to the European Parliament in the New Year to promote this agenda too. I also understand that we have contact at official level with UK and German committee chairs and their assistants.

Q110 Lord James of Blackheath: Beyond the early New Year, what are the other major objectives that you have coming?

Ian Lucas: As far as better regulation is concerned?

Q111 Lord James of Blackheath: Yes, so far as this process.

Ian Lucas: What I would like to be doing is trying to broaden the focus of impact assessments and trying to extend the idea of the Commission producing impact assessments. For example, as regards any proposal being brought forward by the European Parliament or the Council, to try and embrace impact assessments from them too so that we have a more informed assessment.

Lord James of Blackheath: Thank you, Minister. That is very helpful.

Q112 Lord Plumb: I think my question follows closely the question you have just been answering from Lord James. You used the phrase earlier to Lord Whitty when you said, “Government takes the rap when developing legislation”, and I would suggest none more so than with SMEs. It is the SMEs who perhaps are more critical of general legislation because they find it more difficult to get to grips with it, whilst there are people in perhaps larger companies who can the better cope. But in this, of course, dealing with the Commission, it is supposed by the test that is already set by the Commission for the SMEs to encourage the Commission to think small first when developing that legislation. Do you think that is so? Do you think they are doing that and does it adequately reflect in the impact assessment?

Ian Lucas: I feel very strongly about this small business aspect, because I used to run a high street solicitor’s firm as a sole practitioner in Oswestry in Shropshire and I am very conscious of the wide burdens imposed on small enterprises of all sorts. Therefore, I think the fact of the SME test is a very positive step forward. It is very early to assess it as far the EU is concerned, but we were encouraged by the Commission actually adopting a proposal to exempt micro-enterprises from more complex EU accounting requirements, which we strongly support, and we are also lobbying ourselves, the UK Government, to mitigate the disproportionate cost of regulation on SMEs. So we think it is now on the agenda in a way that it has not been before, and it is a very powerful tool in terms of having it there to use in argument as far as taking positions with other Member States is concerned. We are early in the process as far as the impacts of that are concerned, and I cannot come up at this stage with concrete examples of what it has been able to achieve, but I think it is very prominently on our own agenda and the recognition by the EU institutions of its importance will be helpful in putting the case forward from now on.

Q113 Lord Plumb: I think a lot of people would welcome that answer, but at the same time they would immediately come back and say, “We will believe it when we see it”, because they have heard this so many times over recent years. The other question that concerns them is they say - it may not be true but nevertheless they say - “We obey the law but does every other country? Does the same impact assessment apply in all other countries?” If you can explain to them that other countries do obey the law, or at least give them that satisfaction, that may help at the same time, of course, as reducing the amount of legislation and the impact that that legislation has on their business.

Ian Lucas: I think there is a perception, which I hear in my surgeries, that we abide by these regulations and other countries do not. It is a difficult trick for me to pull to say that other countries do not abide by EU regulations. I am sure that they would say that they do and that they do enforce them. But I think the fact that this is now on the agenda as far as respecting the position of smaller enterprises and the fact that the European Commission has adopted a proposal to exempt micro businesses - all of that is positive as far as smaller businesses are concerned. You can be assured that I want (to use that dreadful phrase) a level playing field as far as the EU is concerned, because we want to be able to compete with all other Member States on an equal footing and I do not want anything in place that is going to prevent UK business from doing that.

Q114 Lord Rowe-Beddoe: Following on, if I may, on this whole question of SMEs, actually Lord Plumb dealt with the question of perception, but, in general, I was greatly encouraged by your written responses because I think that you were highlighting areas that are of great concern to the SME sector. At least we have heard that in evidence. The previous evidence that we have heard argued, for example, that the EU consultations are too complex for SMEs - that is something which came through - as well as they are too high level for individual stakeholders to engage with. What are your comments to that?

Ian Lucas: I probably agree with that, but that is too short an answer. I agree. I was talking about engagement earlier on. One of the real dangers of any proposed legislation is when it really adversely affects a particular business. It is very difficult for a small business to keep abreast of what all the proposals that are going around are from legislative bodies, whether they be the Welsh Assembly Government, whether they be the UK Government, or whether they be the European Union. I think that the representative organisations do a very good job in this respect - people like the Federation of Small Businesses and the Institute of Directors - and they try to keep an eye on matters, and it is important that we make that as easy a process as we can for them. I think that in government what we need to be pressing for is as early highlighting of any legislation, or draft legislation preferably, that comes forward as possible. We need to have a close relationship with those representative organisations and we need to encourage them to shout out loud if there is something on the horizon, even, that is going to cause difficulty or needs to be looked at in a different way. I also think that we need to be as accessible as we possibly can to business directly. We have tried to do that through organisations like the Better Regulation Executive and using the website routes as far as we possibly can, but I think more business needs to be aware of the existence of that and the fact that they can contact government.

Q115 Lord Rowe-Beattie: Thank you. The other thing is, again, in support generally of what you wrote - and you used the disagreeable phrase of the level playing field - there does seem to be an enormous lack of joined-up thinking between the three parts of the European Union - the Council, the Commission and the Parliament - where you are getting all this conflict, in fact. However, I have got a last question. How could the system be improved in so much as the cost of producing data that is required at times during this consultation period is something, we have heard, which discourages SMEs from participating? How can we address that and what are the UK's comments?

Ian Lucas: I think, firstly, one of the difficulties is that the consultation period that the EU uses is very short. It is only eight weeks, which is shorter than you normally use at the UK government level, and is a very demanding deadline for a small business that is particularly affected by a proposal to actually respond to, devote the attention to and then submit information to. So I think that we need to think about extending that. We think the SME envoy from the EU has a role in this and really needs to promote the importance of engagement between smaller business and the European Union: because I suspect that it is a much more difficult task for a smaller business to engage with the behemoth that is the European Union than perhaps some of the larger organisations and multinational companies. We have got a small firms consultation database, and we do use the Better Regulation Executive website and encourage contact as far as we possibly can with any proposals. I am a great believer in draft legislation as well. I think it is important that any ideas that are coming forward should be put forward in draft, if at all possible, and that maximum consultation takes place, because the more consultation that takes place the better for legislation at the end of the day.

Lord Rowe-Beddoe: Thank you.

Q116 Lord Dykes: We are dealing with a system of the separation of powers, which is new for British citizens but is very familiar to Americans, and sometimes the Americans understand those processes more than many citizens in European countries. Can I turn your attention briefly, Minister, to the Inter-institutional Agreement, which does provide that there should be impact assessments done on the significant amendments to legislation by both the Council and the Parliament, particularly when it is a major change, or a fairly major change at least, suggested in the proposed draft legislation. We are disturbed to learn that that is not apparently happening as much as we might have expected. What is the Government's view about that, and is there anything that might be done to alleviate that problem?

Ian Lucas: We think it is hugely important, because if impact assessments are to work, then, clearly, the assessments have to be made on the proposal that is actually going to be implemented. It is no use having an impact assessment on an original proposal that is then going to be amended substantially and is, therefore, implemented on an entirely different basis to the calculation on which the impact assessment was made. So we think it is very important indeed that this should develop. The European Parliament has begun to do some work in this area, and we would like to see the Commission, perhaps, play a role in this. I think that was highlighted in some of your earlier evidence. There might be a slight degree of scepticism about the impartiality of the Commission in this in that the suggestion may be made - certainly not by me - that they might try to defend their earlier position rather than give informed advice on an amendment, but I am not sure that that is a particularly valid criticism. I think that it would be very helpful for there to be a developing culture, not just in the European Parliament, but also in the Council for any significant amendments that are proposed at that stage to be supported by impact assessments.

Q117 Lord Dykes: Would there be a danger that, if the Commission did do that off its own bat, as it were, that would be regarded as slightly *ultra vires* to say the least? Although everyone is getting entry around the Lisbon Treaty procedures now, that will only unfold as time passes, basically, and we are only just starting. So should the Commission intervene with further assistance on IAs if the EP requests it, or if the Council does as well, but mainly the EP, I suppose, or should it just do it off its own bat anyway?

Ian Lucas: The Commission is developing some expertise in producing the impact assessments. I do not think that capacity is particularly there within the European Parliament as yet. I am not sure whether the individual Member States would be seen as sufficiently impartial to be able to produce their own impact assessments, although I think that is better than having no impact assessment, quite frankly. So I think the source of the impact

assessment is perhaps less important than the fact of the impact assessment. Initially, at least, we should have the information to try to have a more considered and informed debate about substantive amendments.

Q118 Lord Dykes: Would it be legitimate for a national impact assessment, both from a government or a national parliament, to be made on the basis of representations from one or more trade associations or lobby groups and just taken as evidence of a problem which the government or parliament would then pass on, or should it examine the arguments itself before doing that?

Ian Lucas: I think we must examine the arguments. I do not think any government should be simply relying on a lobby briefing in order to make a proposal.

Q119 Lord Dykes: After all, those groups can always lobby direct to the European Parliament, as will happen more and more now.

Ian Lucas: Yes.

Q120 Lord Dykes: Finally, there was an earlier witness in the evidence we took who said that impact assessments were not really the currency of the debate in the working groups. Do you find frequently that HMG does use the UK impact assessment, the particular detail of a particular piece of negotiation, as a strong negotiating tool in the working groups and in the Council and in COREPER?

Ian Lucas: I will be expecting them to do so, but what I will do is look into to what extent they do rely on the impact assessments in the working groups, because I would be concerned if they did not.

Q121 Lord Dykes: Could you give an example for the Committee in due course?

Ian Lucas: Yes, of course.

Q122 Lord Powell of Bayswater: Minister, first of all, I do apologise for being late; I was caught up. This is really the last aspect of the questions, and that is the question of ex-post evaluation and legislation. As you know, I am sure, it is a regular business practice to have a post-investment review; it is actually rather useful. The general conclusions on better regulations last May provided for this. Is it happening?

Ian Lucas: I do not think it is happening as much as it needs to. I may be quite a sad individual, but this is a little hobby horse that I had before I came into this House. It is something that we in the UK Parliament do not do very well, and that is assess the legislation that we have already passed and really ensure that the effect that it was intended to have it has had and, if it has not, why not. I think our culture is such that we do not really think as politicians in those terms; we look at new legislation as being the only answer to the question. I think we need to do much more work on this and also promote the benefits of it, both in terms of effective use of parliamentary time, whether in this Parliament or any other parliament, and try to develop a culture of looking at every piece of legislation that is passed to see whether it is having an impact. I do not think we are doing that at the moment.

Q123 Lord Powell of Bayswater: How do you think we can do it more? Is it just a question of the UK lobbying, or do you think you can find like-minded Member States who would join in this? Should the First Secretary of State descend like an avenging angel on the Council and demand that it happen?

Ian Lucas: I am not sure that that would be the most effective way of proceeding. We are always trying to build alliances. It may not be the most high profile of issues, but as politicians we are beginning to get more and more criticisms of producing too much ineffective legislation, and I think its time has come and I think we need to do something about it. I am sure that it is not just in the UK that this happens as far as legislation is concerned - there will be examples from the European Union of ineffective Directives coming

down. It is an area that I do not think will be massively contentious; it is a question of securing the attention to the issue that will enable it to be taken forward. So I think we do need to persuade people to take it on board, then to make the arguments and to try to ensure that much less ineffective and annoying, therefore, legislation is introduced.

Q124 Lord Powell of Bayswater: You would agree with me that a cultural change is needed. Just as powers given to Europe never come back, so legislation passed by Europe is never withdrawn, only more is added on top of it.

Ian Lucas: I think we need always to be analytical and sceptical about the legislation that we pass and think whether this was the best way of doing it. Legislation is not always the best way of approaching things - I try and encourage that view as the Better Regulation Minister - and I think we need to be more critical of ourselves and accept that it is not always the best thing to do, to pass a new law to solve a problem.

Lord Powell of Bayswater: I am very encouraged by your approach. I wish you every success with it.

Q125 Chairman: One request and one question. The request is that it would help the Committee if you could tell us now what your understanding is of the capacity of the European Parliament to produce impact assessments on significant amendments that are passed. My recollection is that external consultants are used and, if that is not universal, perhaps some organisational change is needed to create a capacity within the Parliament to do the work. So any observations on that point would be helpful.

Ian Lucas: I will certainly do that.

Q126 Chairman: Unless my colleagues have got any supplementary questions, perhaps I could ask for your personal experience dealing with fellow ministers. Impact assessments in

departments are not exactly the world's most exciting subject for ministers to devote time on a Saturday night to - sometimes their boxes can be quite full and very detailed (impact assessments and proposed Directives and Regulations) - but could you tell the Committee about how you go about proselytising amongst your fellow ministers the importance of impact assessments?

Ian Lucas: I am relatively new in post - I have only been here since June - but it is quite interesting that I write to other ministers sometimes and point out various things, but I am beginning to get a bit of feedback, and I think that is very positive, because it makes them stop and think about the general principles of the regulations that they are bringing forward. I think the UK's Forward Regulatory Programme has been very useful in this respect, but, specifically on impact assessments, I always emphasise that they are a very important part of the process and that they should be taken very seriously. I think that is a message that I have to pass across government and be persuasive about because, as you say, it is not what most people want the EU looking at before *Match of the Day*, but it is important because it is about effective legislation at the end of the day and, therefore, if we are going to do things that are worth our while doing, we have got to show what the benefit is going to be, and that is what an impact assessment is all about: that its benefits are going to outweigh the damage it will cause. I think getting that simple message across in a more strategic principled approach to any proposals that are being carried forward is very important.

Q127 Chairman: I am sure the Committee supports and agrees with what you have just said, and I hope our report will be helpful within government.

Ian Lucas: I am sure it will.

Q128 Lord Bradshaw: Coming out from what you have said in answer to the last four questions about the difficulty of getting small and medium-sized enterprises to engage in the

whole process, my experience of them is that they have not got time to get involved in it, and the trade associations in many professions do not themselves consist or actually take account of the people underneath them because they are usually dominated by the big players. What does the Government do, or what do you or the departments do, to try to get underneath the trade associations to actually find out what a real small, medium sized enterprise thinks? Even a few phone calls would help.

Ian Lucas: Actually there is one group, who we have not mentioned, who I think are very important in terms of engaging small business, and that is members of Parliament. If a small business comes to me and says, “There is this dreadful new proposal coming out”, as a member of Parliament - and I think members of Parliament play a really positive role in engaging with the department - I think one of the things that we should be encouraging through my department is contact with members of Parliament and getting them to engage (because very often they do not) with chambers of commerce and present themselves as an avenue through which to convey their concerns to the Government. I think that would be very useful.

Lord Bradshaw: I think that would be useful. May I say, I am taking three small businessmen to see a minister just after Christmas. The businesses concerned are small but very vital businesses and they cannot get their voice heard through the trade associations. So even the feeble House of Lords sometimes can actually act as a conduit through which to move. So I fully endorse what you have said about members of Parliament.

Q129 Lord Dykes: But, of course, in your earlier answer specifically to me as well as to others you did say that government could not possibly just take the views of a lobby or an interest group like that; it would have to exercise an intellectual and quantitative/qualitative right to make a judgment. MPs are much more likely to represent them just because they have been approached by them.

Ian Lucas: It is more the fact that they highlight the issue. We do not necessarily agree with it and take it on board, but the fact is there will be occasions where an issue does not come to our attention unless someone does raise it, and obviously we need to exercise a judgment about the validity of the complaint, but we will at least know of it. Thank you.

Q130 Lord Plumb: A third body, I think, that the Minister might like to comment on or think about are those that are actually distributing the legislation to the people themselves, who often, in this country, I hear, are not very popular because they are going to add to the burden that the small and medium sized enterprise has already got. If I could use an example, I had a friend who set up a business in France three years ago now and, after he had been there for a few months, I telephoned him one Sunday evening and I said, “Tell me, what is the difference between an inspector calling at your business and telling you what to do and what you are doing wrong compared with an inspector calling at a business in Britain?”, and he knew because he had been an inspector himself in this country. I said, “Answer me in one sentence.” He said, “I will answer you in one word: attitude.” He said, “The attitude of the French calling to the business is so totally different. The first time, I had two men call to the business and when they came in I had the feeling they wanted to pull off their jackets and help - totally different from the way that a lot of people approach businessmen here.” I thought it was a very good example. It is a matter of changing attitudes of the many people here.

Ian Lucas: You should raise that, because last week I had a dinner with the Trading Standards Institute where we were talking about cultural change in the relationship between regulators and regulated people and how it was important for there to be a more constructive relationship and that we should not simply view regulators as people who came in like the Flying Squad, do a hit and then duck out again: there needs to be a continuous relationship. Interestingly, this was raised in the context of the engagement discussion that we were having. I think you are right: I think that they are a very useful body through which we could

communicate with small business, and that is another one that should be added to the list, because we want to use as many avenues as we possibly can.

Q131 Chairman: Thank you very much indeed, Minister, it was very helpful and all power to your elbow.

Ian Lucas: Thank you very much