

Title: The extension of the Primary Authority scheme to cover the age-restricted sale of gambling, the Housing Health and Safety Rating System, age restricted sales of sun bed tanning and Welsh regulations on single use carrier bag charging IA No: Lead department or agency: Department for Business, Innovation and Skills Other departments or agencies:	Impact Assessment (IA)		
	Date: 10/05/2013		
	Stage: Validation		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: Lynsey Pooler 0114 207 5221			

Summary: Intervention and Options **RPC Opinion:** Awaiting Scrutiny

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as Two-Out?
£52.61m	£52.62m	£-5.06m	Yes
			Zero Net Cost

What is the problem under consideration? Why is government intervention necessary?
 Primary Authority provides greater regulatory consistency and certainty for businesses operating across a number of local authority areas. This is achieved as the Primary Authority partnership provides one source for assured advice which can be applied to all the business's premises regardless of which local authority they are. This is instead of the business receiving differing advice from all the local authorities. The scheme has been successful in its current form and received positive comments from those involved. The extension will extend the benefits of the Primary Authority scheme to cover additional regulations, reducing the burden on businesses in these areas. Making Primary Authority widely available to businesses is one means of delivering the Government's commitment to end the 'culture of tick box regulation because partnerships focus on increasing the provision of advice to business.

What are the policy objectives and the intended effects?
 The policy objectives are to address inconsistency in the local enforcement of regulations currently out of scope of the existing scheme. This will mean a further reduction of the regulatory burden on businesses, ensuring that the scheme delivers all of its potential benefits by incorporating a wider range of regulatory areas.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 We have considered two options:
 Option 1: Do nothing
 Option 2: Extend the scheme to cover more regulations (preferred option). Whilst we could consider extending to each regulation separately, analysis shows that businesses benefit from extending to each individual regulation so we have included them as a group in the Impact Assessment for brevity.
 No other alternatives are proposed. As the existing scheme has already demonstrated benefits and has proved its capacity to deliver more effective and more streamlined regulation for multi-site businesses at local level, we believe that those benefits should be extended.
 This preferred option will require statutory instruments. The scheme is voluntary for business. Local authorities may choose whether to become Primary Authority.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 10/2016

Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible: Minister

Mall C Fells

Date: *18th June 2013*

Summary: Analysis & Evidence

Policy Option 2

Description: Extending the Primary Authority scheme to cover sun bed tanning, the age restricted sale of gambling, the Housing Health and Safety Rating System and Welsh regulation on single use carrier bag charging.

FULL ECONOMIC ASSESSMENT

Price Base Year 2013	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £20.55m	High: £83.52m	Best Estimate: £52.61m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.7	4.8	41.9
High	1.1	7.2	63.3
Best Estimate	0.9	6.0	52.3

Description and scale of key monetised costs by 'main affected groups'

Costs to business which chose to enter the PA scheme: one-off costs (setting up a partnership) between £0.473m-£0.705m and annual costs (maintenance, cost-recovery costs) between £2.325m - £3.465m.
 Costs to local authorities: one-off costs to local authorities: one-off costs (setting up a partnership) between £0.240m - £0.358m and annual costs (administrative costs) between £2.464m - £3.674m.
 Costs for enforcing authorities (cost of notification and regular contact with primary authorities): £0.292m - £0.436m.

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.16	9.7	83.8
High	0.24	14.5	125.5
Best Estimate	0.2	12.2	104.9

Description and scale of key monetised benefits by 'main affected groups'

Benefits to business which chose to enter the PA scheme: annual benefits (from improved consistency of advice) between £7.255m - £10.865m.
 Benefits to local authorities from cost recovery: one-off benefits of £0.163m - £0.358m and annual benefits between £2.465m - £3.681m.
 Benefits for enforcing authorities (by increasing efficiency and reduced duplication): £0.988m - £1.479m.

Other key non-monetised benefits by 'main affected groups'

There will be further benefits to businesses in that the scheme will bring increased confidence to invest in compliance across their sites and manage their risk while generating growth.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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Main assumptions: number of partnerships, the rate of cost recovery, cost to business of inconsistent advice. Categories of costs and benefits are the same after extension as those identified for the existing scheme. Main risks: rate of take-up, extent of benefits to business arising from the extension of the scheme, cost recovery by local authorities.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: 2.5 Benefits: 7.5 Net: 5.1	Yes	Zero net cost

Evidence Base

Executive Summary

The Primary Authority scheme allows businesses, charities or other organisations that are regulated by more than one local authority to enter into a partnership with a local authority and for that local authority to then become its 'Primary Authority'. The main aspects of the Primary Authority scheme are:

- **assured advice** from the Primary Authority to the business,
- **national inspection** agreed between the Primary Authority and the business
- **co-ordinated enforcement action** proposed against the business

Business feedback has indicated that extending the scheme to cover sun bed tanning, the age restricted sale of gambling, the Housing Health and Safety Rating System and Welsh regulation on single use carrier bag charging would be of benefit to businesses. The aim is to address inconsistency in the local enforcement of regulation in these areas and further reduce the regulatory burden on businesses by increasing the opportunities for participation in the scheme.

This Impact Assessment considers 2 options.

(1) Do nothing

(2) Extend the scheme (preferred)

Whilst it is possible to consider the extension of Primary Authority to each area of regulation individually, analysis shows the extension in each individual area is of benefit to business, so for brevity we have presented the option of extending Primary Authority to all proposed areas as one option. The impact of individual regulations is shown in the table below.

	Business NPV	Net cost to business per year
Housing Health and Safety Rating scheme	£51.26m	-£4.93m
Welsh regulation on carrier bag use	£0.13m	-£0.01m
Age restricted sales of gambling	£0.95m	-£0.09m
Age restricted sales of sun bed tanning	£0.29m	-£0.03m

Option 1 is the status quo and so presents no additional costs and benefits.

Analysis for Option 2 looks at the following costs and benefits to calculate the net present value to businesses and society.

Businesses

- (1) One off costs of setting up partnerships
- (2) Annual cost of maintaining partnerships
- (3) Savings due to a reduction in inconsistent advice

Primary Authority

- (1) One off costs of setting up partnerships
- (2) Annual cost of maintaining partnerships
- (3) Annual cost of contact with enforcing officers
- (4) Cost recovery from business

Enforcing officers

- (1) Annual cost of contact with Primary Authorities
- (2) Savings through reduced duplication

The analysis shows the extension would have positive benefits for both businesses and local authorities. The summary table is shown below.

Summary of net impacts of the new regulations¹

	Low Estimate	High Estimate	Best Estimate
Total annual net impacts – Businesses	£4.930m	£7.401m	£6.182m
Total annual net impacts – Primary Authorities	-£0.695m	-£1.036m	-£0.866m
Total annual net impacts – Enforcing Authorities	£0.696m	£1.043m	£0.875m
Total annual net impacts – Local Authorities	£0.0006m	£0.009m	£0.007m
Total annual net impacts (on businesses and Local Authorities)	£4.930m	£7.408m	£6.191m

Overall the annual net impact on local authorities is positive. However, the impact on primary authorities is negative. This is because the evidence shows they are currently not fully cost recovering the cost of developing and maintaining partnerships. The annual net impact on primary authorities would be zero if they fully cost recovered. Whilst this would impose an additional cost on business, there would still be a sizeable benefit to businesses.

¹These are the annual benefits and costs a business or authority can expect each year. These are not discounted and so reflect the savings in the first year (i.e. 2013). A net present value discounting future costs and benefits to business is shown in Table 3c.

Background

1. The Primary Authority scheme was created in response to recommendations in the Hampton Report (2005) which noted widespread inconsistencies of regulatory interpretation between different local authorities. It came into force on 6th April 2009 following the passing of the Statutory Instruments which set out more detail about the implementation of the Primary Authority scheme.
2. The scheme allows businesses, charities or other organisations that are regulated by more than one local authority to enter into a partnership with a local authority and for that local authority to then become its 'Primary Authority'. The main aspects of the Primary Authority scheme are:
 - **assured advice** from the Primary Authority to the business,
 - **national inspection** agreed between the Primary Authority and the business
 - **co-ordinated enforcement action** proposed against the business

Assured advice

3. The primary authority provides the business with assured advice on fulfilling its regulatory obligations. This advice must be followed by other local authorities where the business operates. For example; if a primary authority issues advice that a business' procedures preventing slips and trips are sufficient to fulfil its legal obligation, another authority cannot insist that an alternative approach is used in its area.
4. Reliable advice provides businesses with the confidence to invest in their compliance efforts, knowing that they will be respected by all of the local authorities with which they interact. Similarly, enforcing authorities can be confident that assured advice provided to businesses by primary authorities is robust. Primary authorities work very closely with their business partners to understand operational procedures. Moreover, primary authorities are themselves regulators. So officers bring their wealth of experience, as well as in-depth understanding of the business to the partnership. In the unusual event of a dispute between the primary authority and an enforcing authority, BRDO has processes in place to manage the situation, and can make a determination.

Inspection plan

5. Partnerships can work together to develop an inspection plan, agreeing on national priorities for the inspection of the business. Inspection plans provide a roadmap for routine inspections. They can provide information about the management policies which are in place, allowing an inspector to prepare in advance of an inspection and focus on checking that procedures are being implemented when he or she is on site. An inspection plan may identify areas of weakness for the business, thereby helping local authorities to concentrate efforts according to where the greatest risks lie.
6. Inspection plans enable partnerships to take a strategic view of inspection across the business, targeting enforcement to increase the impact and maximising the value of feedback to deliver further protections through improvements in compliance. Crucially, inspection plans apply only to routine and proactive inspections: authorities are still free to react to emergency situations or local complaints should they arise.

Coordinating enforcement action

7. The primary authority coordinates enforcement action proposed against the business. Where enforcement action is proposed against the business, it must initially be notified to the primary authority, which assesses whether the proposed action is consistent with assured advice issued to the business. Experience of Primary Authority to date indicates a reduction in enforcement activity, as an approach to manage issues can often be agreed as a result of liaison between the enforcing authority and the primary authority, thereby reducing burden for enforcing authorities and businesses alike.
8. Where multiple enforcement actions are proposed against the business, the primary authority coordinates these which reduces duplication. For example, where enforcement action is proposed in relation to an unsafe product sold across several local authority areas, the primary authority can act

to resolve the situation without the need for each individual local authority to take separate action against the business.

Problem under consideration

9. Primary Authority was introduced in April 2009 to provide greater consistency and regulatory certainty for businesses operating across a number of local authority areas. The complete list of Regulations currently covered is available in Section 3 of the Regulatory Enforcement and Sanctions Act 2008 (available at http://www.legislation.gov.uk/ukpga/2008/13/pdfs/ukpga_20080013_en.pdf).
10. During the Review of the Local Better Regulation Office in summer 2010, the scheme received strong support from business, professional bodies and some local authorities. The success of the scheme was also recently acknowledged by Lord Young's Review of Health and Safety legislation².
11. Responses to the consultation indicate that business groups feel extending the scheme to cover sun bed tanning, the age restricted sale of gambling, the Housing Health and Safety Rating System and Welsh regulation on single use carrier bag charging would be of benefit to them.

Rationale for intervention

12. Overall rationale for intervention is to extend the benefits of Primary Authority by addressing continuing inconsistency in local-level regulatory enforcement in policy areas which are currently out of scope, further reducing the burden on businesses which are currently ineligible for a Primary Authority partnership. The Government Response to the Consultation on Transforming Regulatory Enforcement (December 2011) committed to extending Primary Authority in three ways: strengthening inspection plans, allowing more organisations to participate in order to enable small businesses to benefit from it and to include specific policy areas within the scheme, which are currently out of its scope.³
13. The scheme has been successful in its current form and received positive comments from business, professional bodies and local authorities.
14. Making Primary Authority widely available to businesses is one means of delivering the Government's commitment to end the 'culture of tick box regulation'⁴. By ensuring regulation is consistently applied across local authority boundaries, Primary Authority helps reduce the burden of regulation on business, enabling them to invest and grow.
15. Primary Authority also fits squarely with the localism agenda. Regulatory power is maintained at the local level, but businesses operating nationally are afforded a joined-up approach to regulation. The scheme promotes a collaborative approach and dialogue between local authorities, allowing them to focus resources more effectively, while still responding to local concerns and intelligence.
16. The regulations which the extension will cover were decided on the basis of business feedback and the post implement review. Detailed rationale for intervention for each area proposed to be included in the extension is listed here:

Area	Rationale
Extend the scope of regulation to include the Housing Health and	Part 1 of the Housing Act 2004 establishes the Housing Health and Safety Rating System, which allows local authorities to assess and tackle problems in residential properties which may

² "Common Sense, Common Safety", October 2010. A report by Lord Young of Graffham to the Prime Minister following a Whitehall-wide review of the operation of health and safety laws and the growth of the compensation culture. http://www.number10.gov.uk/wp-content/uploads/402906_CommonSense_acc.pdf

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31428/11-1408-transforming-regulatory-enforcement-government-response.pdf

⁴ http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_187876.pdf

<p>Safety Rating System</p>	<p>cause harm. This could include hazards like damp, mould, excess cold or risk of entry from intruders. Most inspections and enforcement actions relate to privately rented accommodation and follow complaints from tenants or neighbours.</p> <p>Government acknowledges the uncertainty which was expressed about how Primary Authority for HHSRS would work in practice. We have revisited the proposal in light of responses to the consultation, and the particular complexity of the legislation. We have also held discussions with housing authorities to explore implementation of the extension.</p> <p>Government believes that private landlords should be able to access Primary Authority support in complying with their obligations under the Housing Health and Safety Rating System. Assured advice, for example on interpreting the standards which are required, will enable them to act with certainty to protect their tenants, encouraging a proactive approach. In this way, partnership working should improve protections and minimise complaints.</p> <p>We recognise the important flexibility which the Housing Health and Safety Rating System provides in terms of enforcement actions chosen when breaches occur. It is vital for officers to be able to consider the local context and specific circumstances of each case in order to best serve the community in which they work. We do not believe that inclusion in the Primary Authority scheme will compromise this discretion. The primary authority, in issuing assured advice, sets out clear standards which the business must meet. If a primary and local authority agreed that those standards were missed, the inspecting officer would be free to decide on the best course of action.</p> <p>As with other areas of regulation covered by the scheme, a local authority would not need to provide notification to a primary authority in cases where there is a significant threat of harm to human health which requires urgent action. For example, notification would not need to be given when taking emergency remedial action or making an emergency prohibition order under Part 1 of the Housing Act. In such cases, a local authority would be able to take immediate action to protect tenants.</p>
<p>Extend the scope of regulation to include Welsh regulations on single use carrier bag charging</p>	<p>In Wales, Scotland and Northern Ireland, waste reduction policy is a devolved/transferred matter and the Welsh Government introduced the Single Use Carrier Bags Charge (Wales) Regulations in 2010. These Welsh regulations created an obligation for businesses that sell or deliver goods in Wales to charge their customers for single use carrier bags, with the profits going to charity. We propose to add the Welsh regulation to the list of legislation in scope for Primary Authority. This only affects Wales and therefore government policy as regards England is unaffected.</p> <p>Businesses which operate in Wales have told us that they would welcome the opportunity to form Primary Authority partnerships which cover their arrangements for carrier bag charging. For example, if these regulations were included in</p>

	<p>Primary Authority, businesses would be able to access assured advice on the types of bags included and exempt, and on record keeping requirements. This would provide certainty and enable them to put into place suitable company policies, helping to achieve maximum compliance and reductions in unnecessary waste and the associated environmental damage.</p>
<p>Extend the scope of regulation to include the age-restricted sales of gambling</p>	<p>Primary Authority already applies to some areas of age-restricted sales legislation, notably tobacco products and fireworks. This enables businesses involved in supplying these products to receive assured advice from their primary authority regarding age verification procedures. Where partnerships are in place and a local authority is considering enforcement action, they must notify the primary authority and ensure that their decision is consistent with any relevant assured advice.</p> <p>Partnerships also have the option of developing an inspection plan, based on the forthcoming Age Restricted Products and Services Code of Practice on Regulatory Delivery. It can be used to coordinate test purchasing activity and receive enhanced feedback. This will help them to identify where improvements are necessary, and deliver better protections for young people.</p> <p>Commercial gambling activity is regulated in Great Britain under the Gambling Act 2005. Gambling operators (and some employees) are licensed by the Gambling Commission, whereas premises and some low stakes gambling activity are licensed by local authorities.</p> <p>It is envisaged that Primary Authority will apply to the age-restricted sale of gambling in broadly the same way as it applies to age-restricted sales of tobacco products and fireworks. However, it should be noted that:</p> <ul style="list-style-type: none"> • Inclusion of gambling in the Primary Authority scheme will apply only to regulation by local authorities regarding age-restricted sales; premises licensing and regulation (including in relation to underage sales) undertaken by the Gambling Commission will not be affected. • Police forces operate outside of Primary Authority and there are no plans to change this position; therefore any extension of scheme will only apply to local authorities. • Under Primary Authority, local authorities responding to complaints relating to the underage sale of gambling will be able to investigate or conduct test purchases in the same way that they currently do. • Non-compliance with age-related sales restrictions may be related to a failure in a business' compliance procedures or the actions of individual employees. Primary Authority Advice is a means of coordinating processes across a business and as such, does not prevent actions taken in cases where an individual has failed to meet his or her obligations.
<p>Extend the scope of regulation to include sun bed tanning</p>	<p>The Sunbeds (Regulation) Act 2010 creates a duty on businesses in England and Wales to ensure that no person under 18 years old uses or is offered the use of a sun bed on</p>

	<p>their premises. Under 18s are also restricted from being in the areas surrounding a sun bed (the 'restricted zone'). In 2011, Welsh Ministers introduced measures in Wales which further regulate the sale and hire of sunbeds, provision and display of health information, and the provision of protective eyewear.</p> <p>As with the regulation of other age-restricted products, businesses are keen to form Primary Authority partnerships which cover the regulations on sun bed tanning. Some local authorities report uncertainty over how to implement the new legislation and the expertise offered by a primary authority would help to clarify the rules for enforcing authorities.</p> <p>If sun bed regulations were to be included in Primary Authority, businesses would benefit from assured advice on procedures for age verification, and on the interpretation of the legislation. For instance, if these regulations were included in Primary Authority, businesses could benefit from reliable advice on the definition of a 'restricted zone'. This would allow them to better plan building layout and design in order to achieve maximum compliance. Additionally, businesses in Wales could work with their primary authority to optimise compliance policies for the Welsh regulations, such as the training and competency of sun bed supervisors. Businesses in both Wales and England would benefit from putting in place national inspection plans for test purchasing, removing duplication and allowing local authorities to focus resources on rogue traders or specific complaints.</p>
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Policy objective

17. The policy objectives are to address inconsistency in the local enforcement of regulation in policy areas currently out of scope of the existing scheme and further reduce the regulatory burden on businesses by increasing the opportunities for participation in the scheme to extend those benefits to more businesses.
18. The intended effects include:
- reduction in the cost of regulation to business and public services
 - improved compliance by an improved relationship between businesses and their primary authority
 - improving accountability and transparency
 - businesses have confidence and certainty as a result of primary authority advice, meaning they can plan investment in compliance and manage their risk while generating growth
 - improved efficiency of local authorities to target scarce resources where they are needed most, such as in dealing with rogue traders.

Options considered

19. We have considered two options:

Option 1 –do nothing

Option 2 – extend the scheme

Whilst it is possible to consider the extension of Primary Authority to each area of regulation individually, analysis shows the extension in each individual area is of benefit to business, so for brevity we have presented the option of extending Primary Authority to all proposed areas as one option. The impact of individual regulations is shown in the table below.

	Business NPV	Net cost to business per year
Housing Health and Safety Rating scheme	£51.26m	-£4.93m
Welsh regulation on carrier bag use	£0.13m	-£0.01m
Age restricted sales of gambling	£0.95m	-£0.09m
Age restricted sales of sun bed tanning	£0.29m	-£0.03m

Option 1 – Do nothing

20. This option involves the scheme continuing as it currently is.

21. The impact assessment of Statutory Instruments implementing the Primary Authority scheme assumed that 700 – 1,100 partnerships would be set up by 2014. As of 19th April 2013 there were 743 businesses in a Primary Authority partnership. The analysis on option 2 does not make any assumptions about the growth of the existing scheme and looks only at the impact of the new regulations over and above the existing regulations.

Costs/Benefits

22. Zero. This is the counterfactual for option 2.

Option 2 – Extend the scheme to cover sun bed tanning, the age restricted sale of gambling, the Housing Health and Safety Rating System and Welsh regulation on single use carrier bag charging

23. This option includes extending to new policy areas: sun bed tanning, the age restricted sale of gambling, the Housing Health and Safety Rating System and Welsh regulation on single use carrier bag charging. Whilst we could consider extending to each regulation separately, analysis shows that businesses benefit on extending to each individual regulation so we have included them as a group in the Impact Assessment for brevity.

24. The impact of individual regulations is shown in the table below.

	Business NPV	Net cost to business per year
Housing Health and Safety Rating scheme	£51.26m	-£4.93m
Welsh regulation on carrier bag use	£0.13m	-£0.01m
Age restricted sales of gambling	£0.95m	-£0.09m
Age restricted sales of sun bed tanning	£0.29m	-£0.03m

25. The analysis is independent of the proposed changes to eligibility in the Enterprise and Regulatory Reform Bill which are subject to a separate Impact Assessment.

Data and assumptions

26. The extensions to Primary Authority are permissive in nature as they allow but do not force businesses to participate in a Primary Authority scheme, or to incur costs. Therefore businesses should only engage where it is of benefit to them. The analysis below attempts to quantify the benefits and costs based on experiences from the existing schemes. The assumptions we use in the calculations below are tailored to each regulation area.

Sources

27. Most of the data used for the estimates is provided by RAND Europe from an evaluation of Primary Authority in 2011⁵. Other assumptions are based on previous impacts assessments⁶, consultation responses and the Better Regulation Delivery Office's (BRDO) knowledge of the scheme⁷.

28. The number of likely candidates for the new categories is estimated based on the Inter Departmental Business Register and, in case of the Housing Health and Safety Rating scheme, data from the Department for Communities and Local Government.

Overview: impact of extending Primary Authority partnerships

29. To estimate the impact of the additional regulations it is necessary to estimate:

- the number of additional (i.e. new and expanded) Primary Authority partnerships; and
- the costs and benefits associated with each new and expanded Primary Authority partnership.

30. Additional partnerships include: those which are newly created partnerships with no previous participation in Primary Authority ('new partnerships'); and those where there is already an existing partnership under a different regulation, which is expanded to cover a new regulation ('expanded partnerships').

⁵ BRDO commissioned RAND Europe to carry out an evaluation of Primary Authority. The full report is available at <http://www.bis.gov.uk/assets/brdo/docs/publications-2011/11-1466-evaluating-pa.pdf>

⁶ Impact Assessment on implementing the Primary Authority scheme, March 2009: <http://www.bis.gov.uk/files/file50501.pdf>
Impact Assessment on extending the primary authority scheme, April 2011:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31432/11-987-impact-assessment-extending-primary-authority-scheme.pdf

Impact Assessment on extending the primary authority scheme, November 2011:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31985/12-864-impact-assessment-extending-primary-authority-scheme.pdf

⁷ See information on the website: <http://www.bis.gov.uk/brdo/primary-authority>.

Table 1 – Summary of net impacts of the new regulations⁸

	Low Estimate	High Estimate	Best Estimate
Total annual net impacts – Businesses	£4.930m	£7.401m	£6.182m
Total annual net impacts – Primary Authorities	-£0.695m	-£1.036m	-£0.866m
Total annual net impacts – Enforcing Authorities	£0.696m	£1.043m	£0.875m
Total annual net impacts – Local Authorities	£0.0006m	£0.009m	£0.007m
Total annual net impacts (on businesses and Local Authorities)	£4.930m	£7.408m	£6.191m

31. Overall the annual net impact on local authorities is positive. However, the impact on primary authorities is negative. This is because the evidence shows they are currently not fully cost recovering the cost of developing and maintaining partnerships. The annual net impact on primary authorities would be zero if they fully cost recovered. Whilst this would impose an additional cost on business, there would still be a sizeable benefit to businesses.

Estimating the number of additional Primary Authority partnerships

32. To estimate the number of additional Primary Authority partnerships, we need to understand the number of businesses in scope of the relevant regulation and which operate across local authority boundaries. We then need to estimate what the take-up rate will be for these in-scope businesses choosing to participate in partnerships related to the new regulations.

33. For most of the regulations the number of businesses in-scope is estimated by using data from the Inter-Departmental Business Register, recording those that are likely to be subject to these regulations and operate in multiple local authorities. For Housing Health and Safety estimates are based on data from the Department of Communities and Local Government⁹ (see Table 2 below).

34. The take-up rate for new partnerships with businesses not currently in a Primary Authority partnership is estimated using data from take-up rates on existing schemes. We estimate that around 30,000¹⁰ businesses in the UK operate in sectors in scope of existing regulations and operate across local authority boundaries. These businesses would therefore be eligible for existing Primary Authority partnerships. Currently 674 of these businesses are participating in Primary Authority giving a take-up rate of 2.25%¹¹. Based on this, we estimate that there will be 293-434 new partnerships (see Table 2 below).

⁸ These are the annual benefits and costs a business or authority can expect each year. These are not discounted and so reflect the savings in the first year (i.e. 2013). A net present value discounting future costs and benefits to business is shown in Table 3c.

⁹ The Department for Communities and Local Government estimate that there are 1,464,078 landlords in England which we have uplifted for Welsh landlords to estimate that there are 1,549,288 landlords in England and Wales (based on population ratio). The 2010 Private Landlords Survey found that 33% of sampled landlords had heard of the Housing Health and Safety Rating System and 22% owned multiple properties. We do not have any information on how many of these properties are in multiple local authorities. However, assuming that the proportion of landlords that had heard of the Housing Health and Safety Rating System and those that owned multiple properties are independent, and that between 10-15% of multiple property owners will have a property in multiple local authorities, we can construct a range of between 11,248 and 16,872 landlords that will be eligible for Primary Authority. This methodology was tested during consultation. Respondents questioned the number of landlords operating across local authorities. We have altered the assumption to 10-15% to reflect this.

¹⁰ Inter-Departmental Business Register.

¹¹ As of 15th February 2013. Take-up rate = (businesses already in PA / businesses operating in multiple local authorities subject to PA regulation) * 100. Data on Primary Authority partnerships is available from the BRDO website.

35. We expect that businesses already in a Primary Authority partnership will be highly likely to expand their partnership to include relevant new regulations, given the minimal costs associated with this. We have therefore assumed a take-up rate for this group of 50%-100%, giving an estimate of 2-6¹² expanded partnerships (see Table 2 below).
36. Taking new and expanded partnerships together, we expect 295-440 new or extended partnerships to be established. Our best estimate, taking the mid-point of the range, is that a total of 364 new partnerships and 4 expanded partnerships will be created following these changes.

Table 2 – Estimated number of additional partnerships

Regulation	Businesses in-scope	In-scope businesses operating in multiple local authorities	In-scope businesses in existing PA partnerships	Business entering into new PA partnerships	Businesses in existing partnership expanding to cover new regulations
Housing Health and Safety Rating System	511,265	11,248 - 16,872 ⁸	0	281 - 422	0
Single use carrier bag charging	7,596 - 8,123	377 - 388	1	8	0 - 1
Age restricted sales of gambling	1,140	170	4	3	2 - 4
Age restricted sales of sun bed tanning	731 - 1,462	15 - 30	1	1	0 - 1
Total	520,732 - 521,990	11,840 - 17,460	6	293 - 434	2 - 6

Impacts on business

37. The extensions to Primary Authority are permissive in nature as they allow but do not force businesses to participate in a Primary Authority scheme, or to incur costs. Therefore businesses should only engage where it is of benefit to them. The analysis below attempts to quantify the benefits and costs based on experiences from the existing schemes. The assumptions we use in the calculations below are tailored to each regulation area.

Costs to businesses

38. To calculate the costs we have calculated the one-off costs businesses will have to face when establishing a partnership and the ongoing annual costs. One-off costs include the cost of setting up the partnership. Ongoing costs include the cost of maintenance and the cost-recovery charges from their primary authority.

One-off costs

39. Businesses will face start up costs in establishing a Primary Authority partnership. To calculate these costs we have estimated the number of hours spent for new and expanded partnerships. Evidence from the Primary Authority evaluation¹³ suggested that businesses spend 37.68 hours establishing a

¹² Where there is only 1 business already in the Primary Authority scheme in a particular area, we have rounded down to assumed a range of 0-1. This is why the total is 2-6 rather than 3-6.

¹³ RAND Europe 2011.

Primary Authority partnership. This gives a total one-off cost for new and expanded partnerships between £0.308m and £0.458m¹⁴.

40. Businesses can also develop inspection plans. Inspection plans allow authorities to inspect businesses in a co-ordinated way and removes duplication of resource therefore delivering savings to both business and enforcement authority. The inspection plan is prepared to support other local authorities in targeting their local inspection resources in relation to the businesses. If businesses choose to develop an inspection plan with their primary authority then they will incur costs in doing so. However currently 3.5% of businesses in Primary Authority have an inspection plan. As a result these account for a very small cost and benefit for both businesses and Local Authorities¹⁵.
41. The Regulatory Enforcement and Sanctions Act enables primary authorities to recover costs incurred from operating Primary Authority for participating businesses (both for setting up partnerships and for inspection plans). Data¹⁶ shows that 48% of current partnerships recover full costs while 12% do not recover any costs. The remaining 40% recover some costs, which for the purposes of this analysis is assumed to be at a rate of 50% based on data from the RAND Europe 2011 evaluation. This adds up to weighted average of 68% cost recovery across all partnerships. We use this assumption in all the cost recovery estimations in the analysis. The total amount transferred by businesses to Primary Authorities is between £0.163m - £0.243m (as shown in paragraph 55 below).
42. The sum of the cost recovery transfer from business (see paragraph 55), the business's own costs of development of inspection plans, and starting up the primary authority, will give a total one off cost to businesses of between £0.473m and £0.705m.

Annual costs

43. Evidence¹⁷ shows that businesses in existing partnerships spend 2 hours per week maintaining their partnership at an internal cost of £27.85 per hour. This will generate an additional total cost of maintenance between £0.854m and £1.070m per year¹⁸.
44. Businesses will also face ongoing charges from the recovery of costs by their primary authority. Using the assumption of 68% cost recovery set out above (paragraph 41), and costs to primary authorities set out in paragraph 52 - 53 below, this will result in an annual cost (sum of maintenance costs and costs of dealing with enforcing authorities) for business between £1.476m and £2.201m¹⁹.

Benefits to business

45. Businesses will gain benefits from being in a Primary Authority partnership. Their savings come from improved consistency of advice that reduces the burden of regulatory enforcement on them and from the development of inspection plans.

Improved consistency of advice

46. Under the scheme businesses are able to receive assured advice from their primary authority. Enforcing authorities are required to contact primary authorities before commencing enforcement actions against a business in a Primary Authority partnership. This gives primary authorities the opportunity to block proposed enforcement action if it is regarded as inconsistent with assured

¹⁴ Total costs = (((293-434 new partnerships + 2-6 expanded partnerships) x 37.68 hours)) x £27.85 (the business labour cost per hour estimated from the ASHE 2010 Survey). Whilst we might expand the costs of expanding a partnership will be lower than 37.68 hours we have no evidence so have cautiously assumed the 37.68 hours will still apply.

¹⁵ It is assumed that 3.5% of additional partnerships in age-restricted sale of gambling and age-restricted sale of sunbed tanning schemes will feature one. Based on consultation responses, the analysis assumes none of the housing and the Welsh regulation on single use carrier bag charging schemes will feature inspection plans. Evaluation data suggests that businesses spend an average of 20.6 hours on developing an inspection plan. If the uptake of inspection plans is the same as in the current scheme then the costs will be close to zero (i.e. £120 to £181).

¹⁶ RAND Europe 2011.

¹⁷ RAND Europe 2011.

¹⁸ Total cost = number of additional businesses (295-440) x 2 hours per week x labour cost of £27.85 (see above).

¹⁹ Total cost = 68% x £2,170k-£3,240k that is the (maintenance costs of partnership + EA hours) x hourly charge by Primary Authorities(£42.86)

advice. This reduces costs for business by providing consistent advice which must be respected regardless of geographical boundaries.

47. The estimate of the benefits of consistent advice is based on the cost of each incident of inconsistent advice and on the number of incidents of inconsistent advice which are projected to be removed. The costs will vary by business size and the nature of the advice. However we have estimated that the average loss from contradictory advice is £10,000²⁰ per incident per business. Data from the Primary Authority evaluation²¹ suggests that the scheme reduces the average number of conflicting advice incidents by 2.5, from 5.5 to 3 a year per business in a partnership. This assumes that the size of the businesses and the frequency of conflicting advice will be the same for these new regulations as for existing regulations in the scheme. Whilst we might expect the scheme to reduce the number of incidents to zero, the latest evaluation evidence we have is from an early stage of the scheme. Further evaluation may reveal that the number of incidents under Primary Authority have reduced substantially. However we have taken the cautious approach in using the existing evaluation evidence. In case of the Welsh regulations on single use carrier bag charge we expect the reduction may be smaller at 1-0²². We estimate that the annual benefit to business from improved consistency of advice will be between £7.255m and £10.865m²³.

48. There will also be small savings if businesses choose to develop inspection plans²⁴.

Table 3a– Net impacts one-off on business²⁵

	Low Estimate	High Estimate	Best Estimate
Total one-off costs	-£0.473m	-£0.705m	-£0.590m
Total one-off benefits	£0	£0	£0
Total one-off net impact	-£0.473m	-£0.705m	-£0.590m

Table 3b – Net impacts annual on business²⁶

	Low Estimate	High Estimate	Best Estimate
Total annual costs	-£2.325m	-£3.465m	-£2.897m
Total annual benefits	£7.255m	£10.865m	£9.080m
Total annual net impact	£4.930m	£7.401m	£6.182m

Impacts on Primary Authorities

Costs to Primary Authorities

49. Primary authorities will have one-off costs and ongoing annual costs. One-off costs include the establishment of the partnership and the development of inspection plans. Administrative costs and costs of dealing with enforcing authorities comprise the annual costs.

One-off costs

50. Evidence suggests that start up costs for Primary Authorities are higher for new partnerships than they are for extended ones. Based on this evidence assume that a primary authority will spend 29.9

²⁰ Based on previous impact assessments (see references above).

²¹ RAND Europe 2011

²² Based on consultation responses.

²³ Total benefit = number of additional partnerships (295-440) x number of incidents of inconsistent advice eliminated per partnership (2.5) x assumed average loss from contradictory advice (£10,000).

²⁴ It is estimated that businesses will realise savings of 20 hours per partnership per year based on BRDO's knowledge. Overall, the total savings for all businesses will be close to zero (i.e. £117 to £175 per year).

²⁵ These are the one off benefits in the first year of starting the partnership. These are not discounted and so effectively assume the businesses start up in 2013.

²⁶ These are the annual benefits and costs a business can expect each year. These are not discounted and so reflect the savings in the first year (i.e. 2013). A net present value discounting future costs and benefits is shown in table 3c.

hours setting up a new partnership but only 8.6 hours for extended partnerships²⁷. As previously set out in Table 2 we assume that there will be 295-440 additional partnerships. Based on BRDO data we assume that 47% of additional partnerships will be partnerships with new local authorities and 53% will be by local authorities already in the scheme. This gives the estimated costs of between £0.240m and £0.358m²⁸.

51. There will also be one-off costs to Primary Authorities if businesses develop inspection plans²⁹.

Annual costs

52. Evidence³⁰ has indicated that primary authorities spend an average of about 3 hours per week administering new partnerships and about additional 1.5 hours per week on expanded partnerships. The range around this average is dependent on a number of factors, including size of the business, the scope of the partnership and the nature of support given through the relationship. The estimate gives a range between £1.449m and £2.161m³¹.

53. Primary authorities also incur costs from dealing with enforcing authorities. Evidence³² suggests that this takes primary authorities about 2 hours per week for new partnerships and additional 0.3 hours per week for expanded ones. This generates a total annual cost of dealing with enforcing authorities of between £0.722m and £1.076m³³.

Benefits to Primary Authorities

54. As mentioned above, the Regulatory Enforcement and Sanctions Act allows Primary Authorities to recover costs from the business involved. They can charge businesses for all of their incurred costs (total annual costs) which includes both the one-off costs (the establishment of the partnership and the development of inspection plans) and the annual costs (maintenance costs and costs of dealing with the businesses). We use the assumption of 68% cost recovery set out in paragraph 41.

One-off benefits

55. For calculating the one-off benefits for Primary Authorities we use the same assumptions of cost recovery as above. By taking the 68% of the total one-off costs (see paragraph 50) we estimate a one-off transfer from business to Primary Authorities of between £0.163m and £0.243m in total.

Annual benefits

56. Primary Authorities will be able to recover annual costs also. Using the same assumptions for cost recovery as before and paragraph 52 – 53 for the total annual costs, this benefit is estimated to be between £1.477m and £2.202m per annum.

Table 4a – Net one-off impacts on Primary Authorities³⁴

	Low Estimate	High Estimate	Best Estimate
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²⁷ RAND Europe 2011.

²⁸ Total cost = ((number of hours spent setting up new partnerships (29.9) x total number of new partnerships (293-434)) + (number of hours spent extending partnerships (8.6) x the total number of extended partnerships (2-6))) x £42.86 (the average hourly rate charged by a Primary Authority).

²⁹ These are close to zero (i.e. £102 to £161).

³⁰ RAND Europe 2011.

³¹ Total cost = ((number of hours spent on maintaining new partnerships (3) x number of new partnerships (293-434)) + (number of hours spent on maintaining expanded partnerships (1.5) x number of expanded partnerships (2-6))) x average hourly rate charged by the Primary Authority (£42.86).

³² RAND Europe 2011.

³³ Total cost = ((number of hours spent on dealing with enforcing authorities in relation to new partnerships (2) x number of new partnerships (293-434)) + (number of hours spent on dealing with enforcing authorities in relation to expanded partnerships (0.3) x number of expanded partnerships (2-6))) x average hourly rate charged by the Primary Authority (£42.86).

³⁴ Benefits minus costs may not give the net impact due to rounding. These are the one off benefits and costs a Primary Authority can expect in the year the partnership is established. These are not discounted and so assume the partnership starts in 2013.

Total one-off costs	-£0.240m	-£0.358m	-£0.299m
Total one-off benefits	£0.163m	£0.243m	£0.203m
Total one-off net impact	-£0.077m	-£0.114m	-£0.096m

Table 4b – Net annual impacts on Primary Authorities³⁵

	Low Estimate	High Estimate	Best Estimate
Total annual costs	-£2.171m	-£3.238m	-£2.707m
Total annual benefits	£1.477m	£2.202m	£1.841m
Total annual net impact	-£0.695m	- £1.036m	-£0.866m

57. This negative impact is because primary authorities do not fully cost recover. Local authorities may choose whether to become primary authorities and primary authorities may choose to fully cost recover if they wish.

Impacts on Enforcing Authorities

58. Enforcing authorities will incur costs from contact with the primary authorities. They have benefits resulting from the reduced burdens by increased efficiency and reduced duplication. They do not have one-off costs as they are not involved in the establishment of partnerships.

Costs to Enforcing Authorities

59. Costs to enforcing authorities include the costs of notifications to primary authorities and the regular contact with primary authorities to resolve compliance issues.

60. Annual costs to enforcing authorities will include costs of notifying primary authorities of their enforcement actions. We have assumed 1 notification per partnership per year for the Welsh regulations on single use carrier bag charging, 1.5 notifications for HHSRS and 5 for each of age-restricted sun bed tanning and the age-restricted sale of gambling³⁶. We have also assumed that enforcing authorities spend 1 hour on each notification for sun bed tanning and the age-restricted sale of gambling and 0.5 hours for HHSRS and Welsh regulations on single use carrier bag charging³⁷. The total annual costs related to notifications have been estimated from the total hours spent on notifications per partnership (see Table 5a), the total number of partnerships (295-440) and the hourly rate charged by an enforcing authority (£35.27³⁸) providing an estimate between £0.016m and £0.024m.

Table 5a – Estimated hours spent on notifications

	Number of notifications per partnership	Time spent (hours)	Total time (hours)
HHSRS	1.5	0.5	1
Carrier bag	1	0.5	0.5
Sun bed	5	1	5
Gambling	5	1	5

61. Enforcing authorities have regular contact with Primary Authorities to resolve compliance issues. We have assumed that enforcing authorities spend 1 hour per week per partnership on age-restricted sun bed tanning regulation and the age restricted sale of gambling and 0.5 hour on HHSRS and Welsh regulations on single use carrier bag charging³⁹ at a cost of between £0.276m and £0.412m⁴⁰.

³⁵ These are the annual benefits and costs a primary authority can expect each year. These are not discounted and so reflect the savings in the first year (i.e. 2013).

³⁶ Based on management data from the Primary Authority system and discussions within BRDO. Tested during consultation.

³⁷ Based on BRDO's knowledge of how the scheme currently operates. Tested during consultation.

³⁸ The £35.27 as the hourly rate charged by an enforcing authority is an assumption from a previous impact assessment.

³⁹ Based on BRDO's knowledge of how the scheme currently operates. Tested during consultation.

Benefits to Enforcing Authorities

62. We expect that Primary Authority will reduce the burden on enforcing authorities by increasing efficiency and reducing duplication.
63. It is estimated that for each partnership the enforcing authorities (not just one but all the enforcing authorities where business operate) would save between 1 hour and 350 hours – depending on business size. The time savings are not based on all authorities having contact but assumes a proportion will have contact.⁴¹ We assumed an average 50 contacts per annum with a saving of 7 hours per contact, giving an annual saving of 350 hours. Following the consultation we've revised this assumption. For the Welsh regulations on single use carrier bag charging where there are fewer authorities involved we have assumed an annual 35 hours saved⁴² based on a total of 22 enforcing authorities⁴³ per partnership. For HHSRS consultation responses indicated there would be fewer enforcing authorities so we have assumed a total of 50 authorities and 91⁴⁴ hours of savings. We've kept the original assumption for the age-restricted sale of gambling and sun bed tanning. All of these estimates are based on BRDO's knowledge of how the scheme currently operates and responses to the consultation.
64. The savings from reduced burdens has been estimated using the total hours saved for enforcing authorities by every partnership and hourly rate charged by an enforcing authority, £35.27. It is between £0.986m to £1.478m per annum⁴⁵.
65. Enforcing Authorities will also save from reduced duplication when businesses choose to develop inspection plans⁴⁶.
66. The estimate of total savings is the sum of the total savings from inspection plans and reduced burdens on enforcing authorities. We estimate this to be between £0.987m and £1.478m.

Table 5b – Net impacts on enforcing authorities⁴⁷

	Low Estimate	High Estimate	Best Estimate
Total annual costs	-£0.292m	-£0.436m	-£0.365m
Total annual benefits	£0.988m	£1.479m	£1.241m
Total annual net impacts	£0.696m	£1.043m	£0.875m

Total impacts on Local Authorities

67. These combine the impacts on enforcing authorities and primary authorities to give the total impact on local authorities.

⁴⁰ Total cost = number of additional partnerships (295-440) x estimated hours per year per partnership ((52 for sunbeds and gambling & 26 for housing health and safety rating scheme and carrier bags) x 1 hour) x hourly rate charged by an enforcing authority (£35.27).

⁴¹ One quarter. Based on BRDO's knowledge of how the scheme currently operates.

⁴² Assumes each partnership saves 5 authorities 7 hours (22 /4(rounded to 5) x 7), estimate based on BRDO's knowledge of how the scheme currently operates.

⁴³ The number of enforcing authorities in Wales.

⁴⁴ Assumes each partnership saves 13 authorities 7 hours . This assumption was made based on BRDO's knowledge of how the scheme currently operates. Taking into account consultation responses.

⁴⁵ Total annual benefits for EAs = total hours saved for Enforcing Authorities by every partnership (91 hours for housing, 35 hours for carrier bags and 350 hours for gambling and sunbeds) x hourly rate charged by an EA (£35.27)

⁴⁶ We have assumed that enforcing authorities will save 2 hours work per year for every inspection plan developed based on BRDO's knowledge. This will deliver savings to enforcing authorities of between £1.9k and £2.3k per annum.

⁴⁷ These are the annual benefits and costs an enforcing authority can expect each year. These are not discounted and so reflect the savings in the first year (i.e. 2013).

Table 6 – Net Impacts on Local Authorities⁴⁸

	Low Estimate	High Estimate	Best Estimate
Total one-off costs	-£0.240m	-£0.358m	-£0.299m
Total one-off benefits	£0.163m	£0.243m	£0.203m
Total one-off net impact	-£0.077m	-£0.114m	-£0.096m
Total annual costs	£2.464m	£3.674m	£3.072m
Total annual benefits	£2.465m	£3.681m	£3.081m
Total annual net impact	£0.0006m	£0.007m	£0.009m

68. The large negative one-off impact on local authorities is caused by the primary authorities choosing not to fully cost recover their costs.

Assumptions within the analysis

Subject	Assumption	Source/Comment
Number of hours spent by local authorities (LAs) on setting up PA partnership	1 st PA: 29.9 expanded PA: 8.6	Data provided by RAND Europe
Number of hours per week spent by PA on dealing with the PA business to maintain partnership	1 st PA: 3.11 expanded PA: 1.5	Data provided by RAND Europe
Number of hours per week spent by PA on dealing with enforcing authorities (EAs)	1 st PA: 2 expanded PA: 0.3	Data provided by RAND Europe
Number of hours spent by PA on developing the inspection plan	20.1	Data provided by RAND Europe
Number of hours per week spent by EA on dealing with PAs	1	Our assumption based on corresponding data for PAs
Number of Enforcing Authorities saving time with each business per year due to PA (in terms of familiarisation, risk assessment etc)	50 for age related sales of gambling and age related sales of sun beds 13 for HHSRS. 5 for Welsh regulations on carrier bag charging	Assumption based on BRDO's knowledge of how the scheme currently operates
Number of hours per contact saved by EA annually due to PA (in terms of familiarisation, risk assessment etc)	7	Based on BRDO's knowledge of how the scheme currently operates
Number of hours spent by business on setting up PA partnership	37.68	Data provided by RAND Europe
Business labour costs	£27.85	ASHE survey 2010
Number of hours per week spent by business on maintaining partnership	2	Data provided by RAND Europe
Number of instances of inconsistent advice a year for HHSRS, sun bed tanning and age restricted sale of gambling	Reduced from 5.5 instances (pre-PA scheme) to 3 instances for HHSRS, age related sales of gambling and age related sales of sun beds. Reduced from 1 to 0 for Welsh regulations on carrier bags charging.	Data provided by RAND Europe and consultation responses.
Number of hours spent by business on developing the inspection plan	20.6	Data provided by RAND Europe

⁴⁸ These are the annual benefits and costs the local authority can expect each year and the one off costs and benefits they can expect when the partnership is established. These are not discounted and so reflect the savings in the first year (i.e. 2013).

Average loss from contradictory advice	£10,000	The assumption from the impact assessment of Statutory Instruments implementing the Primary Authority scheme modified downwards after discussions with business.
Number of hours saved by business as a result of consistent approach to risk (inspection plans)	20	Based on BRDO's knowledge of how the scheme currently operates
Cost recovery	Partnerships which will not recover costs at all – 12% partnerships recover full costs – 48% partnerships which recover 50% of costs – 40%	Data provided by RAND Europe
Average number of referrals per partnership per year	5 for gambling and sunbed, 1 for carrier bag reg. and 1.5 for HHSRS	Based on BRDO's management data and consultation responses
Number of hours spent by EAs on each referral	1 for sunbed and gambling and 0.5 for housing and carrier bags	Based on BRDO's knowledge of how the scheme currently operates and consultation responses
Number of hours saved by EAs per an inspection plan per year	2	Based on BRDO's knowledge of how the scheme currently operates
Hourly rate charged by EAs	£35.27	Previous impact assessments

Risks

Scale of take-up of the Primary Authority scheme

69. The main potential risk is that of a lower than expected take-up rate of Primary Authority due businesses being unaware of the changes. We believe that this risk is not significant because of the popularity of the existing scheme. We have used a range of estimates of uptake to capture the sensitivity of the analysis in this impact assessment, and the consultation responses show that there is business support for the planned extensions.

References

- RAND Europe 2011, the full report is available at: <http://www.bis.gov.uk/assets/brdo/docs/publications-2011/11-1466-evaluating-pa.pdf>
- Impact Assessment on implementing the Primary Authority scheme, March 2009: <http://www.bis.gov.uk/files/file50501.pdf>
- Impact Assessment on extending the Primary Authority scheme, April 2011: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31432/11-987-impact-assessment-extending-primary-authority-scheme.pdf
- Impact Assessment on extending the Primary Authority scheme, November 2011: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31985/12-864-impact-assessment-extending-primary-authority-scheme.pdf
- ASHE 2010: <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2010-results/index.html>

- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31428/11-1408-transforming-regulatory-enforcement-government-response.pdf

Annexes

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review:

We intend to review the impact of the extension to the Primary Authority scheme.

Review objective:

Review the impact of the extended the Primary Authority scheme in achieving greater regulatory consistency and certainty for businesses operating across a number of local authority areas for the new regulations.

Review approach and rationale:

- 1) Review of monitoring data to look at take up in the new regulations
- 2) In-depth evaluation of the Primary Authority scheme
- 3) Analysis of stakeholder views
- 4) Consider whether the costs and benefits have been realised and if not why
- 5) Evaluate lessons learned

Baseline:

- 1) Data from *RAND Europe* 's evaluation of the Primary Authority scheme 2011
- 2) Data from the ongoing research 'Interim Evaluation of the Primary Authority scheme' carried out by *acl consulting* and due to report in June 2013.

Success criteria:

Costs and benefits in line with expectations or benefits exceeded

Monitoring information arrangements:

BRDO collects extensive quantitative data about the Primary Authority scheme looking at the number of businesses and Local Authorities involved, their size, the number of employees, their sector and the regulations covered by the partnership. This is collected when the businesses and Local Authorities form a partnership.

Reasons for not planning a review: N/A

Annex 2: Specific impact tests

Equality Impact Test

70. We do not believe that there will be any impacts in the area of equality.

Small Firm Test

71. The Primary Authority scheme will cover these new regulations allowing access to the scheme for both small and large businesses if they operate across multiple local authority boundaries.

72. Previously smaller businesses as they were less likely to be regulated by multiple local authorities would not have met the eligibility criteria for Primary Authority. The *Government Response to the Consultation on Transforming Regulatory Enforcement* (December 2011), committed to extending Primary Authority in three ways. One of these was allowing more organisations to participate in order to enable small businesses to benefit from it. Separate proposals in the Enterprise and Regulatory Reform Bill are concentrating on creating a Primary Authority framework for small businesses by enabling them to access the Primary Authority scheme through trade associations. This is likely to bring some of the Primary Authority benefits to small businesses.

73. Enabling access for businesses seeking a Primary Authority partnership through trade associations would focus on the provision of advice and guidance. Small business could also benefit from assured and consistent advice and inspection plans.

74. This would provide benefit to small businesses which are likely to contact associations for early advice. This would also enable more efficient use of local authority and business resources, as the Primary Authority would interact with the trade association, rather than all the individual businesses, which would reduce the administration for organisation. Similarly, the trade association would contact the Primary Authority for advice, rather than a range of local authorities.

75. Our discussions with trade associations have found that small businesses are supportive of this policy.

Other Impact Tests

76. We do not believe that there will be any impacts in the areas of competition, greenhouse gas, wider environmental issues, health and well being, human rights, rural proofing and sustainable development.