



Chartered
Institute of
Environmental
Health

Regulatory Budgets

CIEH Response to the BERR Consultation on a System of
Regulatory Budgets

10 November 2008

The Chartered Institute of Environmental Health

As a **professional body**, we set standards and accredit courses and qualifications for the education of our professional members and other environmental health practitioners.

As a **knowledge centre**, we provide information, evidence and policy advice to local and national government, environmental and public health practitioners, industry and other stakeholders. We publish books and magazines, run educational events and commission research.

As an **awarding body**, we provide qualifications, events, and trainer and candidate support materials on topics relevant to health, wellbeing and safety to develop workplace skills and best practice in volunteers, employees, business managers and business owners.

As a **campaigning organisation**, we work to push environmental health further up the public agenda and to promote improvements in environmental and public health policy.

We are a **registered charity** with over 10,500 members across England, Wales and Northern Ireland.

Our initial statement

- 1.0 The CIEH does not support the introduction of regulatory budgets. We do not think they are necessary, nor does the necessary framework exist for them to work effectively. When looked at in general terms, the proposals seem sound, but the concept breaks down when one drills down into the detail.
- 1.1 Our principal opposition stems from our doubt that sufficiently robust mechanisms exist in Government from which to derive accurate estimates of the costs of regulatory impacts. If there is an absence of quality data and evidence inputted at the commencement of regulatory budget estimates, the process itself will be flawed.
- 1.2 Nor do we believe that there is sufficient quality of cost-benefit analysis in assessing the impact of regulation. Too often the emphasis is on the costs of regulation to business, without a balanced assessment of the benefits to society or the economy as a whole of regulation. What would regulatory budgets add to existing checks and balances in that regard?
- 1.3 We are unclear as to whether the Government's purpose in introducing regulatory budgets is out of a wish to control the costs of existing regulation or containing the "growth" of regulation itself. We do not detect sufficient balance in the assessment of cost/benefits.
- 1.4 In the consultation document, much is made of the fact that the UK would be the first country in the world to introduce regulatory budgets. We would ask why other countries have not yet taken a lead. The concept of regulatory budgets is far from new; we understand that other countries, such as Australia and the Netherlands have considered, yet rejected the concept.
- 1.5 The CIEH has identified some advantages that might follow from the *successful* introduction of regulatory budgets. We can see that they might bring greater transparency and that they might encourage systematic reviews of the effectiveness of regulatory regimes and they could impose further discipline in the regulatory process. They might also encourage Government to more effectively rank risks in society, although previous attempts at doing this have not proved successful.

Our comments on the consultation document

- 2.0 Questions:
- 2.1 Do you consider that the Government should proceed with a system of regulatory budgets as a way of managing the costs of new regulations?
No, see paragraphs 1.0-1.5 above.
- 2.2 Do you think regulatory cost should be scored at the point of enactment or when they come into effect?
If introduced, they should be scored when they come into effect; this would allow for a more accurate estimation of the likely costs.

2.3 What, in the range of three to five years, would be an appropriate budget period?

Time discipline is likely to be among the most difficult aspects of regulatory budgets to impose, since it will be very hard for organisations to predict their regulatory requirements.

2.4 What are your views on the possible system to manage regulatory budgets outlined in paragraphs 2.9-2.31? Would this deliver a credible and effective system of regulatory budgets?

The intention to build in flexibility is welcome, but the same flexibility could render the budgetary process meaningless. The proposals are inconsistent with other fiscal and budgetary methodologies that already exist, alongside which regulatory services will have to dovetail to work effectively.

The process does not seem to lend itself easily to issues that may require regulatory address, but which need to be tackled across the range of Government services and departments – for instance climate change. The system would most effectively work in “vertical” scenarios, not “horizontal”.

2.5 Which forms of government action should be within scope of regulatory budgets?

Notwithstanding our opposition to their introduction, we do not see any reasons why any government action should be outside the scope of regulatory budgets. Also please refer to answer 2.4 above.

2.6 Do you agree with the outline of this approach to EU and international originating regulations? Are there other issues to be addressed in the context of EU and international commitments?

We perceive enormous problems in running regulatory budgets alongside the approaches behind regulations originating from EU and international sources. This is another reason for our lack of support for regulatory budgets.

2.7 Is the approach outlined in paragraphs 3.14-3.22 to costs arising from specific regulatory actions appropriate?

No, see previous answers.

2.8 What are your views on the approach set out in paragraphs 4.6-4.14 for treating independent regulators in regulatory budget?

We agree that it would be potentially difficult for independent regulators to operate outside the regulatory budgets discipline.

2.9 Do you agree with the proposed categories of costs to include in a regulatory budget as outlined in Chapter 5?

Our comments in 1.1-1.5 are relevant here. For successful introduction, the principles behind regulatory budgets need to be reflected in costs categories, especially for other public sector regulatory partners – such as local authorities. But we doubt whether there is sufficient quality of data or evidence in calculating impact assessment costs in the first place. This would inevitably be replicated down the chain within a regulatory budgets framework.

3.0 What are your views on the proposed assessment methodology outlined in Chapter 6, including whether budgets should be set on a gross or net basis?

No comment

