



Department
for Environment
Food & Rural Affairs

www.gov.uk/defra

Defra Guidance and Data Reforms: Costs, Benefits and Early Feedback Smarter Environmental Regulation Review

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Background

The Smarter Environmental Regulation Review (SERR) was a commitment arising out of the Cabinet Office's Red Tape Challenge (RTC). Evidence from the RTC's review of Defra environmental regulation suggested that regulations had evolved in an ad hoc manner and 'can appear fragmented, overlapping, inconsistent and complex' and 'may act as an effective barrier to compliance.... and growth.'¹ Two specific areas of concern were highlighted:

- Guidance documents issued by Defra and its agencies; and
- Data reporting requirements imposed by Defra and its agencies on business.

In response, Defra committed itself to a fundamental overhaul of its guidance and information requests. The policy objectives were two-fold. First, to design all Defra and its agencies' guidance around what users need by writing in a consistent style to make it simpler, quicker and clearer to use. Second, to ensure Defra and its agencies only collect the information they need, to collect it as simply as possible and to avoid collecting the same information twice.

Scope

Guidance Reforms

The scope of the guidance reforms is any external written content that explains to users what to do or how to do it or, more widely, expects action from businesses, other organisations and members of the public.²

The impact assessment covers reform of all guidance produced by Defra, Environment Agency, Natural England, the Animal and Plant Health Agency (APHA), the Rural Payments Agency (RPA), Marine Management Organisation (MMO), the Centre for Environment, Fisheries and Aquaculture Science (CEFAS), the Veterinary Medicines

¹ Defra (May 2013) Smarter Environmental Regulation Review: Phase 1 Report – guidance and information obligations, <https://www.gov.uk/government/publications/smarter-environmental-regulation-review-phase-1-report-guidance-and-information-obligations>

² The term "business" is used as a shorthand in this IA and consultation for all organisations affected by these reforms as result of using guidance or being required to report information.

Directorate (VMD) and the Forestry Commission.³ These are referred to collectively in this consultation as **Defra and its agencies**. Defra is in the early planning stages with the other relevant bodies (such as the Joint Nature Conservation Committee and the Drinking Water Inspectorate) so these are not included in this Impact Assessment and consultation.

Data Reforms

The scope of the smarter data reforms encompasses all information requests on businesses and others to provide information to Defra and its agencies. Information requests include: permitting or registering activities; monitoring or reporting on compliance or performance; and making other applications for any other government schemes. Information that businesses are required to hold but not submit is not included.

The organisations covered by the reforms include Defra, the Environment Agency, Natural England, APHA, MMO, RPA, VMD, the Forestry Commission and local authorities (on Defra's behalf). It also includes information requests on carbon emissions to the Department for Energy and Climate Change (DECC).

Consultation Questions

Your views and comments on this Impact Assessment are essential for assessing the impact to business and civil society from Defra 'smarter' guidance and data reforms. Responses to the consultation will help shape our understanding on the scale of costs and benefits to business from this non-regulatory initiative. Questions regarding the assumptions used in developing the estimates of costs and benefits resulting from these reforms can be found in Part B of the consultation survey. Defra also welcomes suggestions from stakeholder for additional sources of evidence.

Defra would also like to invite feedback from stakeholders on their recent experience of using Defra guidance and reporting information to Defra and its agencies. These questions can be found in Part C and Part D of the consultation.

The consultation is being conducted as an online survey. The online survey and supporting information may be found at <https://consult.defra.gov.uk/better-regulations/defra-guidance-data-reforms> .

³ It also includes guidance produced by other government departments and agencies where there are joint responsibilities, for example Environment Agency is the regulator for batteries and electrical waste for which the Department for Business, Innovation and Skills (BIS) is the responsible department.

Defra Guidance and Data Reforms IA

This consultation seeks views on the intended effects on business and civil society from reforms to Defra guidance and data and information requests, contained in the Consultation Impact Assessment [Defra Guidance & Data Reforms](#). The impact assessment outlines the expected costs and benefits to government and businesses from reforms. Defra would like to invite views on the key assumptions, risks and sensitivities used to estimate the savings to business from these reforms, including, but not limited to:

- The business population effected, including the use of government websites as a source of information on compliance with Defra and its agencies' regulatory requirements;
- Time savings, both in regard to reading and understanding Defra guidance and data reporting requirements; and
- Use of external advice on compliance with Defra and its agencies' regulations.

Further information on those stakeholders that currently use Defra guidance or are subject to information requests is also of particular interest to the Department.

Feedback

The majority of Defra guidance and data reforms described in the consultation impact assessment have now been implemented. As a result, Defra would like to invite views and comments from stakeholders on their recent experience of using Defra online guidance and reporting information to Defra and its agencies.

Part A: Background

1. Please tick if you want us to keep your response confidential
2. Name and contact details of business.
3. Which sector or customer group do you represent? If other, please specify
4. Do you represent a large, medium or small company, another type of organisation or are you responding as an individual? If other, please provide details.

Part B: Consultation Impact Assessment

A Consultation Stage Impact Assessment titled Defra Guidance & Data Reforms outlines the expected costs and benefits to government and businesses. We invite stakeholders to give their views on the key assumptions used to develop the savings to businesses from these reforms. Comments on other areas of the impact assessment are also welcome.

1. Use of Government Web-sites

*The Jigsaw Business Perceptions Survey 2014 found that **51%** of businesses use government websites as a source of information on compliance with environmental law.*

- a) Do you think this is a reasonable assumption on the proportion (%) of businesses using government websites as a source of information on compliance with Defra and its agencies' regulatory requirements? If **No**, please give further explanation for your answer in the comments box below

2. Reading and Understanding Guidance

*A PwC report found that 16% of business time spent complying with Defra and its agencies regulatory requirements was on familiarisation i.e. reading and understanding guidance. While this is a useful indication, it is out of date (from 2005 estimates). For small, medium and large businesses the impact assessment uses an estimated range of between **10% - 25% of time spent on complying with Defra regulation is spent on familiarisation** i.e. between 8 and 20 working days per business per year on familiarisation.*

- a) Do you think this is a reasonable assumption on the proportion (%) of the staff time that is spent on complying with Defra and its agencies' regulations which is specifically dedicated to familiarization of requirements? If **No**, please give further explanation for your answer in the comments box below.

*Separate data for **micro-businesses** is provided from the GHK Micro Business Study which shows that on average micro businesses spend less than 5 hours per week on familiarisation with their compliance requirements. A range of one to three hours per month was used to estimate the number of hours or **12 – 36 hours per year**.*

- b) Do you think this is a reasonable assumption on how much staff time in micro-businesses is spent on familiarisation with Defra and its agencies' regulatory requirements? If **No**, please give further explanation for your answer in the comments box below.

3. Wage Rate

A range is used for wage rates of between £29 and £36 per hour. This figure is based on the following assumptions:

- *A wage rate of government or business employees are presented on the basis of **productive** hours.*
- *The most appropriate job categories for the **Business Wage Rate** within the Office of National Statistics Annual Survey of Hours and Earnings (ONS's ASHE) for the low estimate was the associate professional and technical occupation, which includes engineering technicians and the high estimate was the professional occupation, which includes conservation and environment professionals.*
- *The **business productive wage rate** for the low estimate is estimated by taking the Annual Median Salary of £28,500 for the associate professional and technical occupation, and then uplifting by 30% to account for non-wage labour costs as per the Standard Cost model set out in the BRE Measuring Administrative Costs.*
- *On average from the ONS ASHE that those in conservation and environment professionals work 37.4 hours per week or 7.5 hours per day. Of this, it is estimated that 5.7 hours per working day are actually spent working, based on a report by Knox D'Arcy that managers in the manufacturing sector work 76% of the time.*
- *The number of days per year, on average, that a manager spends working was estimated at 222.9 days. Of this only 5.7 hours per day is productively spent.*

- a) Do you agree that the average salary for associate professional and technical occupations and professional occupations used to calculate the **business wage rate** is a good reflection of the type of occupation or staff that will be required to read, understand and apply Defra guidance? If **No**, please give further explanation for your answer in the comments box below.

4. Time Savings

While the total volume of guidance content will reduce 80%, both the volume that businesses have to read and time savings are expected to exceed 80%. This is because 1) Content is designed specifically around the tasks that businesses are seeking to complete; 2) Content is specifically designed to be read and understood quickly and without ambiguity; 3) Content and guides are structured and designed for 'search engine optimisation', meaning it should be easy to find the right content quickly.

*There is currently some uncertainty about what the time reductions will be across all types of business and Defra regulations so a relatively wide range of **60-90% time saving** is*

used.

- a) Do you believe that it is reasonable to assume that the reduction in the volume and the better design of Defra and its agencies' guidance, as described above, will cut down the time spent by business on familiarisation by **between 60 – 90%**? If **No**, please give further explanation for your answer in the comments box below.

5. Business Population

The Defra central guidance team used reviewed the statistical business sectors and sub-sectors to identify those affected by Defra and its agencies' guidance. Environmental guidance applies to many business sectors, whereas the other Defra topics affect more specific sectors such as agriculture, food manufacturing and vets. The list of identified sectors is as follows:

1. *Agriculture, forestry & fishing*
2. *Mining*
3. *Manufacturing*
4. *Energy supply*
5. *Water*
6. *Waste*
7. *Construction*
8. *Retail*
9. *Transport*
10. *Housing & Leisure*
11. *Other services (e.g. vets)*
12. *Public services*

According to ONS data this shows that there are 688k businesses affected by Defra policies, comprising 116k businesses that are classed as small, medium and large businesses, and 572k micro businesses.

- a) Do you agree this is an accurate list of business sectors affected by Defra policies? If **No**, please give further explanation for your answer in the comments box below

6. Reduction in External Advice Costs

*Simplifying guidance is expected to increase business and others' confidence in finding out and understanding their requirements with no or less external help. The Jigsaw study found that 43% of businesses use an external adviser to help them comply with environmental law; with each business spending on average £4,358 per year on all types of external advisers. **An estimate was provided by an expert at a leading environmental consultancy that around 10% proportion of consultancy expenditure was spent on identifying and explaining requirements. Given the uncertainty a wider range of 5-15% is used.** This provides a baseline estimate of £64-193m per year of business spend on consultants to help them find out and understand their requirements.*

- a) Do you agree that 5-15% is a realistic estimate of the proportion of consultancy expenditure spent on identifying and explaining Defra and its agencies' regulatory requirements? If **No**, please give further explanation for your answer in the comments box below. (maximum 500 characters)

*It has been estimated by a large trade body in the engineering industry that if the guidance reform aims were met the amount businesses have to spend on external consultants could reduce by around 15-20%. **Given the uncertainty and the range of businesses involved a wider range of 10-25% is used.** The savings to business from reduced spend on consultants is therefore likely to be in the range £6.4m to £48.3m per year. This estimate could understate the true value as it only covers environmental law and not the other Defra policy areas covered by the reforms. However, it is not currently clear where within this range the true value is likely to be so for now the estimate is recorded as over £6.4m.*

- b) Do you agree that 10-25% is a realistic estimate of the potential savings to business from reduced spend on consultants arising from the reforms to Defra and its agencies' guidance? If **No**, please give further explanation for your answer in the comments box below.

7. Reduction in cost to collect and report information

There will be less information to report, less frequently and it will be easier to submit. Estimates of the time savings for business are provided by the WSP Ltd reports on

environment, marine, carbon, farming and animal health and welfare on the basis of detailed assessment of each reform measure. For each measure, this is a product of the number of returns (i.e. each time a business provides information via a form or online submission etc.), the estimated baseline time taken per return and the estimated time saving from the measure. For number of returns actual data from regulators was used. For the time estimates, WSP used actual information where recorded and where not they asked businesses during interviews to develop the reform measures, regulators and their own consultants to derive their best estimate. **According to this study the total product of these estimates is that 1.6 million hours are likely to be saved if the all the simplification proposals are implemented, (approximately a 20% saving in time spent on reporting information).**

For full report see “Smarter Data”: Plans to simplify information requests by Defra and the Defra network Phase 1: Environmental, marine and carbon and energy efficiency information requests April 2014,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/302343/pb14152-smarter-data.pdf

- c) Do you agree that it is reasonable to assume that the reforms to data reporting will reduce by 20% the time taken by business to report information to Defra and its agencies⁴? If **No**, please give further explanation for your answer in the comments box below.

⁴ The agencies in this case includes: the Environment Agency, Natural England, APHA, MMO, RPA, VMD, the Forestry Commission and local authorities (on Defra’s behalf). It also includes information requests on carbon emissions to the Department for Energy and Climate Change (DECC)

Part C: Feedback on Guidance Reforms

The majority of reforms described in the impact assessment have now been implemented. We would like to take this opportunity to receive your views and comments of your recent experiences of using online guidance.

1. Do you use Defra and its agencies' guidance on GOV.UK? If **no**, please go to question 10.
2. What best describes the frequency with which you use Defra guidance? If **never**, please go to question 11.
3. When was the last time you used GOV.UK to find Defra and its agencies' guidance?
4. Please briefly describe what task you were trying to complete?
5. Over the last 18 months, have there been any changes in your experience of using GOV.UK to find Defra and its agencies' guidance? If **no**, please go to question 11.
6. Was it easier or more difficult to find the information you were looking for?
7. Was the information easier or more difficult to understand?
8. Were you confident you had the right information?
9. Overall, did you find it quicker or slower to find, read and understand the information you were looking for?
10. Where else do you go for guidance and supporting information on how to comply with Defra and its agencies regulatory requirements? (limit of 200 characters)
11. Do you have any other comments? (limit of 2000 characters)

Part D: Feedback on Information Reporting Reforms

The majority of reforms described in the impact assessment have now been implemented. We would like to take this opportunity to receive your views and comments of your recent experiences of reporting information to Defra and its agencies⁵.

1. Have you reported information to Defra or its agencies? If **no**, go to question 8.
2. What best describes the frequency with which you report information to Defra or its agencies? If **never**, please go to question 8.
3. When was the last time you reported information to Defra or its agencies?
4. What type of information were you providing? Please provide further details?
5. Over the last 18 months, have there been any changes in your experience of reporting information to Defra or its agencies? If **no**, go to question 7.
6. Does it take more or less time to report information to Defra and its agencies?
7. Do you currently report information to Defra and its agencies primarily via digital means or paper based returns?
8. Any other comments about your experience of reporting information (limit of 2000 characters).

⁵ The agencies in this case includes: the Environment Agency, Natural England, APHA, MMO, RPA, VMD, the Forestry Commission and local authorities (on Defra's behalf). It also includes information requests on carbon emissions to the Department for Energy and Climate Change (DECC)

Timing

Deadline for Responses

Replies are requested by [10th February].

Disclosure

We will summarise all responses and place this summary on our website at: [insert link]. This summary will include a list of names of organisations that responded but not people's personal names, addresses or other contact details.