



HOUSE OF LORDS

Secondary Legislation Scrutiny Committee

Corrected oral evidence: The quality of impact assessments

Tuesday 22 March 2022

3.55 pm

Watch the meeting

Members present: Lord Hodgson of Astley Abbotts (The Chair); Baroness Bakewell of Hardington Mandeville; Lord De Mauley; Lord German; Viscount Hanworth; Lord Hutton of Furness; The Earl of Lindsay; Lord Lisvane; Lord Powell of Bayswater; Lord Rowlands; Baroness Watkins of Tavistock.

Evidence Session

Heard in Public

Questions 1 - 13

Witness

[I](#): Christopher Carr, Director, Better Regulation Executive (BRE), Department for Business, Energy and Industrial Strategy.

Examination of witness

Christopher Carr.

Q1 The Chair: Welcome, Christopher Carr, director of the Better Regulation Executive. This is a formal evidence-taking session. It is on the record and is being webcast live. A verbatim note will be made and put on the public record in printed form and on the parliamentary website. We will send you a copy of the transcript for any amendments, and if you could make those amendments as quickly as possible, that would be helpful for our records. I must also ask members of the committee to declare any relevant interests in connection with this session. I see no signal.

We are very grateful to you, Mr Carr, for coming along. You know the background of what we are seeking to learn from you and from the work you are doing. I will open the questioning by asking you to talk reasonably broadly about what you see as the key objectives of the Better Regulation Executive—perhaps we will call it the BRE for ease—and how you see it impacting on the formulation of government policy. Also, could you say a bit about how many staff you have and how you relate with individual departments? We have found quite variable performance on these issues, so this information would be helpful for background.

Christopher Carr: Good afternoon, everyone. The BRE currently has just over 80 staff, although this will decrease significantly in the next few weeks as we enter a new spending review period. Our main aims are twofold. We have an objective to manage and run the better regulation framework, which is currently subject to review, and we will come on to talk about the nature of that, how it might change and what its purpose is. The other half of my team is mainly focused on innovation and ensuring that regulation supports innovation and does not get in the way. To that end, we run the Regulatory Horizons Council, the Regulators' Pioneer Fund, and a potentially exciting project to do with digital transformation of regulation.

The Chair: When you work with departments, do you have much dealing with the relevant senior civil servant, who I think is called the senior responsible owner, and/or the Minister in each department who has responsibility for the quality of statutory instruments?

Christopher Carr: No. That is because not all statutory instruments are regulatory, and not all regulations come from statutory instruments. Instead, we have a network of better regulation units. Every department has one. They are responsible for the department's engagement with the framework and the quality of regulations, whatever legal or non-statutory form they take.

The Chair: Recently, we heard from one department, which sort of snuck out by saying that an impact assessment was not required for a code of practice, only for statutory instruments. Is that a fair argument?

Christopher Carr: No. That is a spectacular misreading of both the legislation and the guidance, in my understanding. Impact assessments

are required for guidance or non-statutory documents that are produced in the exercise of a statutory function. A statutory code of practice is very definitely caught by that, and I am afraid that the department in question is mistaken.

The Chair: Much of what we hear about is removing burdens on business. Is there any similar evaluation for the public sector, or should there be?

Christopher Carr: Regulation of public sector activities has not been a focus for many years. As far as I can remember, for 15 years or more, the focus has been pretty much exclusively on the impact of regulation on businesses.

Q2 **Lord Lisvane:** Good afternoon, Mr Carr. I may be about to put you in an invidious position, but, looking across the range of government departments that you deal with, which departments are really good at developing evidence-based policy?

Christopher Carr: The difference between the good and the bad is within departments and not between them. Even the smallest department comprises hundreds of civil servants, and some of them are very good at this and some of them lack the skills and experience. We see a wide range of quality in all departments.

Lord Lisvane: You have pre-empted my second question, which was going to be about which ones are bad at it and, where there is that variety, what it is attributable to. Is it resources, training, lack of ministerial oversight, or what?

Christopher Carr: Obviously, skills and capabilities vary, and some teams are blessed with more capable individuals at the time that they are doing the work, but the primary driver, in my view, is pace. The faster you wish to implement a policy, the poorer the analysis and evidence base will be.

Lord Lisvane: Presumably, the phenomenon that we have become quite familiar with—government by announcement—only makes that worse.

Christopher Carr: Indeed.

Lord Lisvane: Where there are teams in a department that are doing well, what are those things that they do well? In other words, where should we look for reassurance as to the quality of the output?

Christopher Carr: They consult a wide range of stakeholders, and they do that early enough in the process for the feedback to inform the policy development. They think early about how they will measure the impact of their policy—whether it will have an economic impact or an impact on households, competition, innovation, trade, levelling up or any one of a number of other government priorities—and they do that iteratively. So they start early, and they refine their thinking and their metrics as they go through the options appraisal and the ministerial decision-making.

Lord Lisvane: That seems a little surprising within a department when you have your network of better regulation units. I could understand if it were between department A and department B, but when you have this variation of performance within a department, I am surprised that there is not a cross-fertilisation from the good to the “should be improving”.

Christopher Carr: I think there is to a certain extent. I cannot speak for any individual better regulation unit, but I think that does happen. I think the difference is that some parts of departments are better resourced and have more time available to do their work than others.

Lord Lisvane: Just going back on the time point again, for those that consult effectively, is there an indicative period for consultation as there is for some purposes?

Christopher Carr: The Cabinet Office guidance is that consultation should be for a minimum of 12 weeks. That is not always adhered to, but it is a good benchmark to aim for.

Lord Lisvane: You say that is not always adhered to. Is it the odd exception, or 60:40, or 40:60?

Christopher Carr: I have to own up at this point that the consultation that my team ran last summer on the better regulation framework reforms ran for about 10 and a half weeks, which is a good example of how the system works. You do not have total control of when you start, and you need to finish at a point that allows you to then analyse the responses and enable Ministers to respond in a timely fashion. I would say that it is quite frequently less than 12 weeks.

Lord Lisvane: Thank you. Consultation is often bedevilled by talking to the usual suspects—the time constraints are obviously a factor in this—rather than spreading the net more widely to draw in opinions that may be highly useful but where the originator of the opinion does not really know what is going on in the development of or changes in policy.

Christopher Carr: Could you expand on that? I have not quite understood. Are you asking about how to reach those harder-to-reach stakeholders in consultation?

Lord Lisvane: You said it much more briefly and concisely than I did.

Christopher Carr: For the last several years, the internet has been a godsend to consultation, because most departments put their consultations on GOV.UK, and the task then becomes communicating where that is to all your stakeholders. Pretty much everybody now has access to the internet and can find GOV.UK and engage with the document. Of course, it depends how accessibly it is written, and it can be brought to life much more helpfully with workshops and roadshows, depending again on how much time and resource the policy team has to do any of that.

Lord Hutton of Furness: Collectively, successive Governments have

been working away at this agenda for the best part of 20 years, trying to improve the way we regulate and the cost-effectiveness of regulation. Having done the job you do for a while, are we getting any better at doing this, or are we not really making much headway at all? What is your sense of that?

Christopher Carr: I think we are getting a lot better at how we design and implement our regulations. We talk about the variable quality of impact assessments, but the average impact assessment is much better than it was 10 or 15 years ago.

Lord De Mauley: We get the fairly clear impression that impact assessments are often prepared at the end of the process, after a decision has been made to legislate in an attempt to justify what is being done, whereas we think that it should be a planning tool to inform the process of development of the policy in the first place. Am I being unfair, and, if not, what can you do to encourage departments to produce impact assessments that do explain more clearly the thought process behind the legislation and the options that were considered?

Christopher Carr: I do not think you are being unfair. The good news is that on 31 January, in *The Benefits of Brexit* publication, Ministers set out a vision for addressing this problem. It is one of the two key problems that the better regulation framework review and consultation was intended to address, and we think that we have addressed it with the creation of an early gateway.

However, I must say that impact assessments are not the right vehicle to use for this. By their nature, impact assessments are detailed statements, quantitative documents. If you are going to influence policy at an early enough stage to make a difference, you will not know in detail what the numbers are. You will know where the impacts will fall, but you will not know exactly what the numbers are.

We concluded that requiring impact assessments earlier was self-defeating. We want to get right in there at options appraisal stage before the preferred option has been chosen. That is your whole point. If we require departments to submit their options appraisals to scrutiny to show that they have properly considered alternatives to regulation or different lighter-touch regulation, we can engage properly and meaningfully during the cycle. By the time the impact assessment is produced, we will have confidence that it is produced on the right basis for the right option.

Q3 **Viscount Hanworth:** May I pursue this point? The Small Business, Enterprise and Employment Act 2015 only requires that the impact assessment should be available in time for the annual report, which could be long after the instrument has been scrutinised by our committee. What can be done to encourage the department to produce an impact assessment alongside the instrument, so that it can be effective in assisting our scrutiny? Is it a common misapprehension that an impact assessment should be an ex-post analysis, because it seems to be that

some departments believe that?

Christopher Carr: There is one department that wilfully misreads the spirit of the legislation to conclude that. Most of the others intend to co-operate and make their policies in the best possible way. I must explain that there is an important distinction between the better regulation framework, which is non-statutory, and the business impact target, which is a statutory function.

The two are connected but not interdependent. You can continue running the framework without the legislation for the business impact target. Indeed, as we will go on to talk about in a minute, the Government have stated in their 31 January publication that they intend to repeal the business impact target and replace it with something better. The better regulation framework guidance is absolutely clear that impact assessments must be produced in time to inform parliamentary scrutiny of legislation, primary and secondary.

Viscount Hanworth: Is that enough to encourage departments to do so?

Christopher Carr: Not in all cases, but this sophistry about the Act enabling IAs to be produced late because that provision is there in cases of emergencies when it cannot be produced at all and therefore needs to be produced later for BIT accounting purposes is not the spirit of the legislation, and it is absolutely not the guidance.

Viscount Hanworth: How could some departments have derived the impression that impact assessments are not required to accompany regulations, which you have described as a spectacular misunderstanding? How could that misunderstanding be corrected?

Christopher Carr: To the best of my knowledge, there is only one department that wilfully misunderstands the guidance and the legislation in this way, and it is a deliberate choice and has been for many years.

Viscount Hanworth: Can you name that department?

Christopher Carr: I should not.

Viscount Hanworth: We will have to do our research. Thank you, I will leave it there.

Q4 **Lord German:** Thank you. On the "I should not", I do not want to put you on the spot, Mr Carr, but perhaps a clue would be useful.

I would like to ask you about financial data. There is a £5 million threshold where we get the formal impact assessment, but, of course, where the threshold is not met there are many examples of where having some financial data would certainly inform us that these matters, and the impact on business, have been taken account of. Could you tell us whether departments have been encouraged to provide this financial data, rather than just saying, "Well, no, we don't have to provide a formal IA. It's not required, so we're not going to do it".

Christopher Carr: This is one of your questions that most perplexed me, because in order to qualify as a de minimis regulation—that is, with an impact of £5 million, plus or minus—a department must do enough analysis to show that its net impact is under £5 million. If it has done that analysis, I do not understand why they cannot put it in the Explanatory Memorandum. It does not make any sense.

Lord German: It is obviously not happening, because there are examples—you obviously know of them—where it is not happening. So the question for us is what we can do to encourage those who are not doing it to do it. With your units in every department, what can you do to encourage it? Perhaps we could make sure that our ducks are all in the same row doing the same thing.

Christopher Carr: We do engage with departments on the production of Explanatory Memoranda, and we always remind them that they should produce that analysis, and display it so that it can be scrutinised and seen. After all, if a regulation is in fact de minimis in its economic impact, it would be helpful to show that. We are doing what we can. When we come to talk about the framework reforms, we can revisit this topic in a slightly different light, because it will operate differently in future.

Lord German: Just for my benefit, regarding the use of each unit within each department, are these the people who are the influencers at present, or are there other people in the department who have an influencing role on this matter?

Christopher Carr: That is a good question. Most departments have a parliamentary branch that is concerned with the quality of SIs and their accompanying EMs, but, again, it is the better regulation unit that helps the relevant policy team with the analysis and the production of any impact assessment or de minimis assessment.

Lord German: So your team would probably have access to the sort of analysis that had been done or was being done in order to ascertain whether they meet the threshold or not. There is in each department, of course, a Minister responsible for secondary legislation, and we know that there is a senior official responsible for the drafting of secondary legislation. Is there any way in which these three parts—the Minister, the official responsible for the secondary legislation, and your unit—are connected? How does that work together, or is it a very loose relationship?

Christopher Carr: As I said earlier, we are not connected to them, because we use the network of better regulation units instead. We talk to the BRUs frequently about SIs, Explanatory Memoranda and de minimis analysis. It is possible for the Regulatory Policy Committee to ask to see the analysis of something that is claimed to be de minimis which may or may not be. So it has the opportunity to call in the analysis, and departments should be producing it anyway to satisfy themselves that something is de minimis.

Lord German: When we want some financial data, you are saying that we could ask each department to tell us what analysis it has done, and it will have some analysis that we could call upon.

Christopher Carr: Yes.

Q5 **Lord De Mauley:** Thank you. In determining the cost to business of a particular piece of legislation, I am often struck by a government department's estimate of that cost and the small amount of what it thinks the cost is compared to what my experience of business tells me is likely to be the real cost. Is there a list of the elements of costs that are to be included, so that some of what might be the real cost is omitted?

Christopher Carr: I am afraid you are now entering a discussion of economic analysis that is beyond my expertise. There is a lot of guidance on the production of impact assessments and the analysis of costs. I do not know exactly what is on it and what is not. What I will say is that the things that businesses care about most and complain about most are not always proportional to the pound cost of those things. There are also big issues with change, stability and time constraints.

The Chair: Following up Lord German's question, if you are an ambitious, young, rising civil servant, is it a good place to go to be the policeman?

Christopher Carr: It is a very interesting job. It is a very interesting area to work in, and I like to think I have a number of ambitious, young, rising civil servants in my team who are benefiting from being there.

The Chair: Do they work within their own departments? In other words, will you stay in the department where you are in the local unit?

Christopher Carr: I do not think I understand that question. Are you talking about better regulation units?

The Chair: Yes.

Christopher Carr: Do you mean: is it a good place for them to be? I do not think they see themselves as policemen. I thought you were referring to my unit.

The Chair: I am referring generally to how it all looks.

Christopher Carr: Better regulation units see themselves, quite rightly, as facilitators and assistants to the policy teams in their departments who are trying to deliver what their Ministers want. Their job is to ensure that the department complies with the framework, for good reasons, but also to make it as easy as possible for departments to deliver quickly.

Q6 **The Earl of Lindsay:** During the pandemic, sunset clauses were used frequently, but otherwise they seem increasingly rare, which, to me, is quite a departure from where things were a few years back when sunset clauses were seen as being the norm. Do you agree with that analysis and, if so, can you explain why they are less used?

Christopher Carr: I can speculate on why they are less used, even though I am not certain whether the trend is significantly downwards. You know better than I do how precious parliamentary time is, and it seems to me, in the years I have been doing this job, that the volume of legislation has increased quite a lot in the last five or 10 years. That is one of the key drivers of a reluctance to use sunset clauses: because it means that you have to come back and create more legislation.

The Earl of Lindsay: Although the advantage of requiring legislation to be recreated in Parliament is that Parliament is then involved in the review of that legislation.

Christopher Carr: Absolutely, yes.

The Earl of Lindsay: Would you agree that that is one of the disadvantages, as it were, of non-parliamentary review?

Christopher Carr: I agree that sunset clauses are useful. I was merely speculating on why they may be decreasing in number.

The Earl of Lindsay: Is there a central mechanism for tracking when sunset clauses are due to expire?

Christopher Carr: To my knowledge, there is no central mechanism for tracking legislation. Primary legislation is tracked. For secondary legislation, there is a central mechanism for tracking laying dates, but anything that is not sufficiently advanced to have a laying date is not centrally tracked, as far as I understand. This is an issue that we have been dealing with during the review; we have been trying to find a way of getting a cross-departmental overview of the pipeline of secondary legislation. It is also important for free trade agreements. To my knowledge, there is not one, so the answer is also no for sunset clauses.

The Earl of Lindsay: Do you feel that it should be possible, without too much difficulty, to have such an overview that is available to Parliament and indeed to government itself?

Christopher Carr: Yes, it would be very helpful, and it should be possible. My own department writes to me and to all other senior officials every quarter, or every couple of months, asking if we have any SIs that we are working on. If every department is doing that, every department should have a picture of its own pipeline of SIs, and all that would then be needed would be to bring them together.

Q7 **Lord Powell of Bayswater:** This question is also about the review of legislation, but this time about post-implementation review. It is good news that the BRE guidance treats post-implementation review as part of the natural life cycle of legislation. In practice, what percentage of instruments are reviewed?

Christopher Carr: My team estimates that it is somewhere between 25% and 40%, but it is difficult for us to be exact.

Lord Powell of Bayswater: How is the information used?

Christopher Carr: The reviews that are done are published, and they should be used by those developing any subsequent or replacement policy to inform the development of that policy. Of course, they can also be used by anyone scrutinising the development of that replacement policy.

Lord Powell of Bayswater: Do you get the impression they are being used in this way?

Christopher Carr: I know of some examples where they have been used in my own department, from talking to policy colleagues in my department. I could not say whether they are systematically used by all departments.

Lord Powell of Bayswater: Once again, the question is whether there is any central mechanism for tracking this, perhaps when they are due at least.

Christopher Carr: It comes back to the same problem that, because we do not have an overview of secondary legislation, we do not have a complete population of SIs that we know need to be reviewed. We do track where reviews are due for the things we know about—in other words, the things that came through the framework on their way into statute.

Lord Powell of Bayswater: Does anyone have an overview?

Christopher Carr: Not to my knowledge.

Lord Powell of Bayswater: It is a bit of a gap, is it not?

The Earl of Lindsay: Are the reviews assessed for their quality and for their accuracy?

Christopher Carr: Yes, as with impact assessments, post-implementation reviews are scrutinised by the Regulatory Policy Committee, which publishes opinions on them, but if they are not done, there is obviously nothing to opine on.

Baroness Watkins of Tavistock: If you do not have an overview of secondary legislation, does each department have an overview of its own?

Christopher Carr: To my knowledge, yes. Certainly my department does, and I assume a similar mechanism is in place in every other department.

Baroness Watkins of Tavistock: If you look at that across the board, how often would you review it?

Christopher Carr: BEIS reviews its secondary legislation every two to three months. I ought to know this, because I am on the legislation board.

Q8 **Lord Hutton of Furness:** Part of the Better Regulation Executive's work relates to processes set up under the 2015 Act, including the business impact target. From what you said earlier, I imagine you do not think this has been very successful in reducing the regulatory burden on business.

Christopher Carr: That is correct. What determines the size of the regulatory burden on business is the Government's manifesto—what they have committed to do. However you account for the costs of regulation, if the Government have promised to regulate, you cannot really do much about that. In the analysis of my team for the last decade or so, we have not come across a manifesto that has promised a net reduction in regulation. We analyse them when they are produced at every election.

Lord Hutton of Furness: What do you think should replace BIT?

Christopher Carr: The important features of the system are transparency and accountability. The Government ought to tell Parliament what the objectives of their regulatory programme are, whether they are burdens on business, benefits to consumers, protecting the environment, levelling up or whatever it might be. The Government should set out the metrics that they will use to measure the success of their regulatory programme and then report annually to Parliament on how they are doing.

Lord Hutton of Furness: Do you think there is a danger that we inevitably focus on financial calculations, to the detriment of other broader options analysis?

Christopher Carr: Historically, that has been the case, but we are now in a world where one policy, the commitment to achieve net zero emissions, dwarfs all others in its the potential scale and potential impact, both economically and environmentally. It is our view that if you added the cost of all other regulations over the next two decades together, they will not scratch the surface of the scale of net zero. So this is a good opportunity to reform the framework so that it focuses equally on a number of important government priorities, including that one.

Lord Hutton of Furness: Thank you. That is really helpful.

Q9 **Lord Rowlands:** I am sure you are aware that this committee has recently produced a major report called *Government by Diktat: A Call to Return Power to Parliament*, and the Delegated Powers and Regulatory Reform Committee, which I recently sat on, produced a similar report called *Democracy Denied?* The serious concern that both those reports expressed was that the Executive was trying, in a variety of ways, to limit the opportunities of parliamentary legislative scrutiny by passing or indeed eliminating it.

Lo and behold, your executive, in its proposed consultation document,

proposes less prescriptive primary and secondary legislation, relying more on case law, and in effect you are suggesting that judges rather than parliamentarians should make the law.

Christopher Carr: That was a recommendation from the Taskforce on Innovation, Growth and Regulatory Reform last summer. It is intended to address the issue that regulations need to adapt quickly in a fast-moving, high-tech world of rapid and frequent change, and that if you set out the details of your regulation in legislation, you can only change them with more legislation, which has the impact that we were talking about earlier of taking up more parliamentary time, but it also simply slows down the ability of the UK's regulatory system to keep pace with technological and business change.

The intention of that proposal was to allow objectives of regulation to be set in statute at a higher level and for the details to be set out by regulators more agilely, with the courts being used to resolve disputes and create precedents using common law. That was, as I understood, the TIGRR proposal. Of course, that was consulted on, as we consulted on a number of such recommendations, and you will note its absence from the 31 January publication.

Lord Rowlands: I am hugely relieved, because I think this would have been a major battleground. The whole notion that has been proposed was constitutionally obnoxious as a concept. Who did you consult in this process? Who was consulted on this particular issue?

Christopher Carr: We did not reach out to the usual suspects. We published our consultation document and invited everyone to comment on it, and we had numerous comments from individuals, think tanks and business groups. We received about 190 responses, and we are confident that we had a very good range of stakeholders engaged in the consultation.

Lord Rowlands: You said that it has been dropped, so may I assume that the burden of the evidence that was submitted, or the submissions that were made on this particular issue, did not favour the proposal?

Christopher Carr: From memory, it was not a particularly big feature of most responses, possibly because it is quite difficult to understand unless you know a lot about regulation in the first place. I do not think there was an overwhelming consensus one way or the other.

Lord Rowlands: You say that the concept of the notion has been dropped. Thank you.

Q10 **Baroness Bakewell of Hardington Mandeville:** What steps are there for the better regulation framework review, and do you have any timetable for that?

Christopher Carr: We do not have a published timetable. We have secured collective agreement to the principles of the new better regulation framework as set out in the policy document, *The Benefits of*

Brexit: namely, the pivot to earlier scrutiny of regulations using the options appraisal stage so that the scrutiny can inform the development of the policy rather than taking place after the decisions are made, and the increased emphasis on post-implementation reviews as the right way of proving and evaluating the impact of a regulation, and therefore informing the development of any policies to update or change them.

We are now working on the detail of exactly how that process will work, where in government it will sit, which Ministers will be overseeing it, which civil servants et cetera. We hope to produce the final details of implementing that new framework within the next couple of months, certainly before the Summer Recess, so that after the Summer Recess, when new bids for legislation come, we can operate them under the new framework.

- Q11 **Baroness Bakewell of Hardington Mandeville:** The announcement of the so-called Brexit freedoms Bill said that it intended “to cut £1 billion of EU red tape”. Will the SIs that remove that red tape still be accompanied by impact assessments or will that be ditched?

Christopher Carr: They should be accompanied by impact assessments. It is important to say that the new framework does not remove the obligation upon departments to produce impact assessments in time for parliamentary scrutiny, but it does change the focus of our scrutiny mechanism. The Regulatory Policy Committee currently scrutinises assessments at what we call the final stage, which is just before the legislation is introduced to Parliament. That has often been unhelpful for departments in a hurry—coming back to the earlier points about pace—because it can hold up introduction to Parliament.

After 15 years of increasing the quality of impact assessments, we now think that the scrutiny function needs to be focused on the options appraisal stage and, if you get through that, you are trusted to produce a decent impact assessment for Parliament when you need to do one. They can, of course, come back to the Regulatory Policy Committee for an opinion on their final-stage impact assessment, but it will no longer be mandatory.

- Q12 **The Earl of Lindsay:** Are you planning to strengthen the rewards and incentives for good behaviour, and the disincentives or sanctions for bad behaviour? You can improve the framework, the criteria, the process, but if some departments, either wilfully or just through ignorance, failed to comply, at the moment there does not seem to be any disadvantage to them.

Christopher Carr: That is reliant on Ministers. If we look at the two halves of the new system, it is up to whichever Ministers who are ultimately going to operate the new framework to block regulations that do not successfully pass through the gateway, which do not have an adequate rationale for why regulation has been chosen as the preferred option in this policy area, and whether alternatives to regulation were adequately considered. If Ministers wish to block regulations that do not

pass those tests, they can and they will, and that will be the toughest sanction imaginable, because the department will have to go back to square one and start again.

On the other side of the process, we have struggled for a long time to find the right way of incentivising the completion of post-implementation reviews, because the focus in government policy is always on what is new, not on what you did a couple of years ago. When we design the scoring mechanism for the new system—whatever replaces the business impact target, whatever collection of metrics; we talked earlier, in response to Lord Hutton's question, about whether the Government wish to measure the impact of their regulation on trade, on levelling up, on the environment, on consumers, as well as on business—the best way of making departments produce PIRs is to change the accounting system from pre-implementation to post-implementation, so that they do not score their regulation against any of these targets unless they produce a PIR that shows the outcome.

Q13 The Chair: You said at the beginning that you were going to lose some staff.

Christopher Carr: Yes.

The Chair: Could you qualify that, and could you also tell us how this will impact on your ability to deliver the brilliant performance that we all hope you are going to?

Christopher Carr: They are separate but related. The reduction in the size of my unit is simply an outcome of the spending review and the business planning settlement. As I mentioned, the department is also responsible for delivering net zero, which is the largest national policy effort since the Second World War and has required a redeployment of a number of resources of all types.

The reductions are simply a consequence of the pivot of the department's resources away from areas not dealing with net zero into areas dealing with net zero. The future is more complicated, because it depends on exactly where the new framework is going to run from. When we produced the consultation document last year and *The Benefits of Brexit* document in January, there was an implicit assumption that at least part of the new system will be carried out by the Cabinet Office, because it is much easier, if you want to get tougher on blocking new burdensome regulations, to do it from the Cabinet Office than to do it from BEIS. It is not yet concluded which parts of the system will be operated from the Cabinet Office, so I cannot answer the second half of your question yet.

The Chair: One has the impression of many people doing good work in different parts of the machine. Is there any institutional memory about things that have worked well and things that have worked less well, and how one might gather it all together?

Christopher Carr: Yes, there is a lot of institutional memory. I have been in Whitehall for 26 years, and members of my team have been

around for considerably longer, so we know a fair amount about what has worked well and less well in the past.

The Chair: Is that fed down to the departments?

Christopher Carr: I am equally sure that departments each have their own institutional memory. When we convene the better regulation units and have these conversations about the new framework, we exchange views on what has and has not worked historically.

The Chair: Thank you very much indeed. Many thanks for your commendably brief and clear answers. We look forward to keeping in touch with you as your work progresses.

Christopher Carr: Yes, indeed. Thank you.