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Dear Liam,

SMARTER REGULATION PROGRAMME UPDATE

I am grateful to you, and the Business and Trade Committee, for your role in scrutinising the work of my department, and for the recent 'Fourth Report - Performance of investment zones and freeports in England'. Given your interest in these issues, I want to bring two new publications on Smarter Regulation to your attention.

A year ago, my department established the Smarter Regulation Programme to re-energise regulatory reform and capitalise on the benefits of Brexit: reduce burdens on business, push down the cost of living and drive growth across the country. This is part of our plan to deliver long-term economic security and opportunity.

I am pleased to be able to update you regarding two papers published today. Firstly, '*Smarter Regulation: One Year On – May 2024*' which details our progress so far, with over 30 smarter regulation announcements reducing burdens on businesses and improving outcomes for individuals. So far, it is estimated that our reforms will reduce the burden on business by up to £1 billion per year, saving them up to 50 million hours per year by cutting unnecessary bureaucracy and form filling. The overall benefits to society are estimated at £6.3 billion. But we want to go further and 'Smarter Regulation: One Year On' sets out how we intend to do this.

We set out how we will build on our achievements to date reducing burdens on businesses. 'Smarter Regulation: One Year On' includes 25 new policy announcements across almost every sector of the economy, including:

- a consultation to deregulate the Commercial Agents Regulations, freeing businesses to negotiate contracts without reference to outdated regulations that create legal ambiguity and confusion.
- a consultation to abolish the legal framework for European Works Councils – mandatory committees multinationals had to consult if they employed people in the EU. The reforms could save business in the region of £5 million per year.
- a consultation on an alternative model for UK REACH, reducing the need for industry to access EU hazard data and improving information on use and exposure and regulator powers, while ensuring high levels of protection of human health and the environment.
- proposals to modernise the outdated and overly restrictive rules on gaming machines in a boost for bingo halls, casinos and arcades.
- a consultation that builds on current covid easements to simplify how the sale of alcohol is licensed for consumption in pavement areas next to pubs and bars. This will support alfresco hospitality, including an option for providing take-away and delivery sales by default.
- an international vehicle standards vision, setting out the Government's strategy for opening our markets to new vehicles, such as autonomous vehicles, to support innovation.

We will keep building on this momentum. We will be publishing important consultations on reforms to the Energy Performance Certificate (EPC) regime by the summer recess. Over the summer we will be publishing a consultation on batteries regulations. These two consultations aim to support businesses whilst better delivering our net zero goals.

Secondly, our White Paper '*Smarter Regulation: Delivering a regulatory environment for innovation, investment and growth*' outlines an ambitious plan to deliver better outcomes for consumers, businesses and society. Although the UK's regulatory landscape is recognised internationally as a model of best practice, there is room for significant improvement. The White Paper sets out our ambition to work with regulators to deliver a world-class service to consumers and businesses, and to help stimulate innovation and drive economic growth.

The package of reforms in the White Paper includes:

- defining for the first time what a business regulator is, and introducing ten principles of smarter regulation that we expect these regulators to apply in their day-to-day decision making.
- introducing a Growth Duty Performance Framework that will ensure regulators are transparent about how they are encouraging innovation and investment and contributing to economic growth.

- launching a Regulators Council to improve the strategic dialogue between regulators and government, alongside monitoring the effectiveness of policy and strategic guidance issued.
- establishing a 'register of regulators', as part of our ambition for a "one-stop-shop" of regulatory information to help businesses identify which regulators apply to them.
- greater transparency in departmental annual reports on the total costs and benefits of each significant regulation introduced that year. Alongside strengthening the role of the Regulatory Policy Committee and the Better Regulation Framework, to improve the assessment and scrutiny of the costs of regulation, and encourage non-regulatory alternatives.
- a new Share Once Support Register which will mean vulnerable customers only need to register with energy, telecoms and water companies once.

This regulatory reform package is not the end of our ambition, and we remain committed to reducing regulatory burden over time. Our focus is to ensure that we are the best – not most - regulated economy in the world. The reforms we outline today will give entrepreneurial businesses more opportunity to innovate, experiment, and capitalise on the UK's global leadership in areas like clean energy technologies, life sciences, and digital services. They will help regulators to provide companies with the service they need to innovate and attract investment, minimising burdens and support economic growth across the whole of the UK's economy.

I hope that you will agree that these announcements are an important step in our Smarter Regulation Programme.

Best wishes,

A handwritten signature in black ink that reads "Kemi Badenoch". The signature is written in a cursive, flowing style.

THE RT HON KEMI BADENOCH MP
Secretary of State for Business & Trade and President of the Board of Trade
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