

Dyddiad: 6 Mawrth 2003
Amser: 9.00 - 12.30
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Teitl: Regulation and Bureaucracy - The Burdens on Business

Regulation and Bureaucracy - The Burdens on Business
Cardiff Chamber of Commerce
February 2003

Background

Cardiff Chamber of Commerce Cardiff Chamber of Commerce represents over 1400 businesses employing over 150,000 people, in South East Wales. It offers a range of services to, industry, commerce and the retail community, and has served the interests of the business community for 140 years.

Cardiff Chamber is a leading member of Chamber Wales, which consists of over 40 Chambers of Commerce throughout Wales, providing a unified Welsh business voice combined with a truly local perspective.

Introduction

New regulation introduced over recent years has, by the UK Government's own estimation added greatly to the burdens of compliance on business. The recently updated BCC Burdens Barometer estimates that the total cost to business of regulations introduced since 1998 is £20.6 billion.

The Chamber recognises the need to regulate businesses to ensure that they are safe and fair places to work and visit and that their products and services are safe and suitable for their intended purposes. However, the UK approach to regulation is bureaucratic and can damage business.

The stated aim of Chambers is to see the Government's objective of better regulation – of the minimum necessary regulation to meet agreed social aims – rigorously complied with. We want to see the overall burden of regulation reduced and ensure that those that do exist are straightforward and effective.

In addition to the burdens imposed by regulation and its enforcement, business also finds unnecessary bureaucracy in its dealings with the public sector; as suppliers and as recipients

of support.

Given the current economic uncertainties, companies have a better focus for activity than dealing with the vagaries of officialdom.

Regulation

The BCC Burdens Barometer 2003 reports that the total cost to business of regulations introduced since 1998 will £20.6 billion by June 2003. The figures are compiled from Regulatory Impact Assessments (RIAs) produced by government departments that set out the risk, costs and benefits of any new proposal that has an impact on businesses, charity and voluntary bodies.

The greatest costs are associated with:

- The Data Protection Act(Implementing the Data Protection Directive
- The Working Time Regulations 1999
- National Insurance: Service Provision through Intermediaries (IR 35)
- The Tax Credits Act 1999
- The Vehicle Excise Duty (Reduced Pollution) (Amendment) Regulations 2000

However, these are just five of 29 measures from which the £20.6 billion is calculated.

Regulatory Impact Assessments

Attempts have been made to address the issue of red tape in recent years, and a welcome introduction has been the Regulatory Impact Assessment. Nevertheless, we do have concerns regarding their current effectiveness.

- By the time an RIA is progressed, the Minister will already be minded to regulate and the timetable and process for getting the initiative through will already be in train.
- RIAs are produced by the departments, and for the Ministers promoting the regulations. Unless the requirements to give equal consideration to non-legislative solutions and the pros and cons of regulation, are made more compelling, RIAs are unlikely to prove an obstacle to unnecessary regulation.

For RIAs to have their desired positive impact for business, they must be made to work at a European, Westminster and National Assembly level and the concerns outlined must be addressed.

Guidance

One of the major concerns relates to the frequency of change that has occurred in recent years. Businesses state that keeping up with the pace of change is time-consuming. This is particularly true in the field of Employment Regulation. We know there are businesses that have chosen not to grow and employ staff as they prefer to focus on their core business rather than dilute their efforts dealing with red tape.

To combat this we believe more should be done by Government to support small businesses in employing people.

- Better Guidance
- More Timely Guidance

Bureaucracy

For many businesses it is not regulation that signifies 'red tape', but it is the bureaucracy generated by interaction with the public sector.

Members have reported that the quarterly statistical returns can be burdensome, they can require information on a timescale that is shorter than the businesses own internal procedures would dictate

The impact on payroll procedures for small businesses that do not have electronic payroll systems in place has been huge in recent years. At one time, a Payroll Service was mooted for companies without access to electronic systems. This has not materialised, yet we know there are significant numbers of businesses that still use manual systems.

Is this a business support issue that the Assembly could consider?

Planning

Case Study

I'm trying to take advantage of the WAG subsidy for satellite broadband, as I can't get ADSL at home. I work from home, as do many small businesses.

Because I already have a SKY satellite dish, I am having to apply for full planning permission to erect the second one. The fee for this is £110, which I can not get assistance towards. The process is prolonged, after all it is only a satellite dish, and I have been told will take 8 weeks to process, and they can't cut that down.

It is maddening that having taken a decision to have a faster Internet access, and being in line with the WAG objective of providing broadband to businesses, I now have to wait 8 weeks before I can get it installed.

That's not including the paperwork I have to complete to get the planning permission.

It has already taken me several hours and a number of phone calls, and they still haven't got all the information in the file to enable the 8 week period to start. I've been at it for a month now.

We understand that Planning Procedures are being revised, and that there are moves to recruit and train more staff. In the meantime, assistance to businesses to achieve their objectives must be a priority. It is in nobody's interest to spend a month in the manner described above.