

# Preparing Regulatory Impact Assessments - Checklist

## Key questions for policy makers and regulatory impact units when preparing a Regulatory Impact Assessment (RIA)

This Checklist sets out points which the National Audit Office have found deserve particular attention if good use is to be made of RIAs. It should be read with the guidance in the Cabinet Office document "Good Policy Making: A Guide to Regulatory Impact Assessment".

### Getting started - the Initial RIA

**Start early** - the RIA should facilitate informed consideration of the options available for achieving the objectives of the envisaged regulation, and an Initial RIA should, wherever possible, be produced before decisions are made or there is a commitment to legislate. For EU legislation this should be in time to inform negotiations on the proposed Directive etc.

**Identify the objectives** - the problem and risks to be addressed, and the desired outcomes. This is necessary before the options can be considered.

**Plan the process** - project management principles and techniques provide a useful discipline which can help ensure that all aspects are planned for. In drawing up a timetable work back from any deadline for legislative implementation to allow enough time for each key stage, especially for consultation.

**Consult early** - with the Small Business Service and other policy makers having responsibility in relation to the industry or sector concerned, enforcement bodies and representative bodies, to obtain an informed view of risks, options and a broad indication of the likely costs and benefits concerned. This is not a substitute for effective consultation with the broader spectrum of those concerned later in the process, but should help with planning how effective consultation can be undertaken.

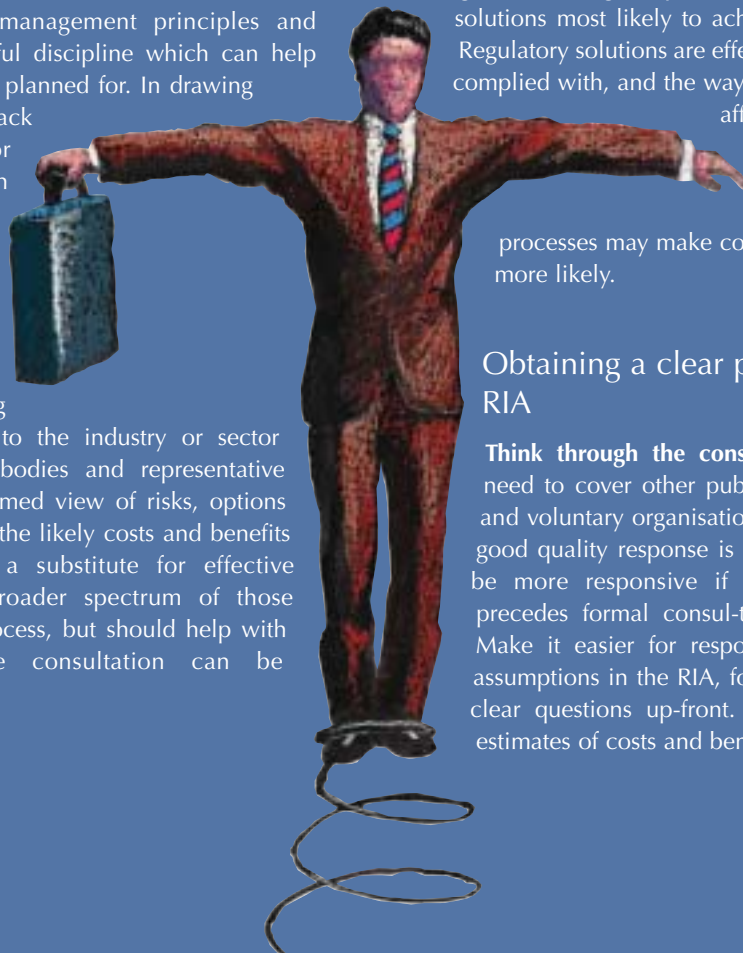
**Assess the risks being addressed** - identify how prevalent the problem to be addressed is, the gravity and nature of the consequences, and highlight areas where more information is needed.

**Identify a wide range of options** - including self-regulation and non-regulatory options. Where the broad policy direction is already determined the focus should be on options for implementing the desired solution most effectively.

**Consider compliance** - the level of compliance with existing regulation and good practice can indicate the types of solutions most likely to achieve the desired outcome. Regulatory solutions are effective only as far as they are complied with, and the way they are implemented can affect the extent as well as the costs of compliance. Adapting existing business or regulatory processes may make compliance easier and hence more likely.

### Obtaining a clear picture - the Partial RIA

**Think through the consultation process** - it may need to cover other public sector bodies, charities and voluntary organisations as well as businesses. A good quality response is important and people may be more responsive if consultation on the RIA precedes formal consultation on draft legislation. Make it easier for respondents to respond to the assumptions in the RIA, for instance by asking a few clear questions up-front. Include questions on the estimates of costs and benefits in the RIA.



**Obtain representative views from small businesses, charities etc** - take advice from the Small Business Service on the "litmus test" and consider asking for their assistance. The test should involve small sufficient businesses, charities etc to be representative. Such bodies respond best to direct face to face or telephone interview when the impact of the regulatory proposal and options can be talked through and a clear view of the likely impact obtained. Focus groups may also be valuable. Sufficient businesses should be selected to be representative of different types of business or sectors. The findings from the test should be included in the RIA sent out for general consultation.

**Analyse separately how costs and benefits apply to different sectors and types of business** - including small businesses and consumers. A proposal that is proportionate overall may be disproportionate for some sectors, especially small businesses. Can the impact in these cases be mitigated?

**Place the RIA on the web** - as soon as it is prepared, so that it is readily accessible to those concerned and where appropriate link it to the relevant consultation document.

**Quantify costs and benefits appropriately** - so as to demonstrate that the preferred option is the most effective and is proportionate. Benefits should be quantified unless they are evidently overwhelming but this is often not easy and may necessitate surveys or sophisticated analytical techniques. Precise monetary values are not necessary - informed figures as to what is likely to happen to which people are, wherever they can be obtained.

**Keep an open mind on options** - quantify the costs and benefits of all practicable options, and be alert for ways of making compliance easier and more likely. Particular attention should be given to self-regulatory options as voluntary compliance can be more effective and less costly.

**Consider compliance in detail** - obtain a clear view of how those affected, including enforcement bodies, will comply with the proposal, perhaps by drafting and consulting on a skeleton of the step by step guide to compliance that will eventually be needed. This should feed into the estimation of costs and benefits. Consider and consult on what action will be needed to inform those affected about the proposal once it is implemented, including enforcement bodies.

## Pulling it together - the Final RIA

**Firm up on compliance and enforcement** - explain the steps being taken to ensure that those affected know what is expected of them and what guidance, seminars, publicity etc will be issued for this purpose. Set out the actions the enforcement body expects to take to secure the intended compliance rate.

**Summarise the results of consultation** - including response rates, responses from different sectors or types of business/body where these vary and how proposals have been modified to reflect significant concerns.

**Explain arrangements for any review** - including when any review will be carried out, how data will be collected, how compliance will be monitored and what expertise will need to be drawn upon, bearing in mind the importance of the review informing future legislation in the area.