

A Better regulated future?

The government has this week published the special review 3 MPs and officials carried out into the opportunities to reduce the regulatory burden and to have smarter regulation.

I agree with their main recommendation that future regulation should be proportionate and not based on the precautionary principle of EU regulations. I also agree Regulators should take into account competitiveness, competition and innovation. Regulations can benefit from partial exemption for innovative developments and trials.

I welcome the wish to abolish the 2019 Ports Directive which was agreed by the UK ports and government at the time be a needless extra burden on them. I also support amending the Weights and Measures Act to decriminalise and authorise the use of imperial measures if people wish.

I would liked to have seen other proposals to make life simpler and cheaper for entrepreneurs and small businesses.

I would include for example

1. **Raise the VAT registration threshold to lift more small businesses out of VAT. It is a major burden setting up a new VAT system for a small business, and a disincentive to growth.**
2. **Take VAT off domestic fuel to cut fuel poverty and boost spending power of those on low incomes**
3. **Remove VAT from insulation, boiler controls, new heating systems, draught excluders and other green products. Installing more of these is labour intensive and helpful.**
4. **Remove need for a person paying full NI on earned income to claim deferral of extra NI on other earnings every year. This is a waste of time and government effort when no tax is due.**
5. **Reverse M and S decision in ECJ allowing grouping of EU continental losses to cut U.K. Corporation Tax. HMT should like this as it will collect more tax from U.K. successful businesses.**
6. **Remove Digital Tax imposed unilaterally and await G7 or OECD agreement on how to tax digital activity other than through normal business taxes. This tax is leading to tariff retaliation from the USA, raises little money and causes trouble with on line/in shop retail hybrid businesses.**
7. **Raise the Business rate exemption for smaller commercial property**
8. **Exempt a self employed person from Employer NI for their first employee for the first two years. We need to grow more self employed businesses and create more jobs**
9. **Remove threat of IR35 changes**

ENERGY

10. Remove expensive requirement on energy companies to install Smart meters. Let them and their customers do so if they wish. This is a £20 bn public spending commitment which is causing energy businesses difficulties as well.

11. Revise UK energy policy to give greater priority to self sufficiency of electricity and to ensuring a safe margin of capacity as we used to enjoy.

12 Change generation mix by introducing more lower cost supply through a bidding process, as we need lower power prices for the onshoring of industry to the UK and more self reliance. The UK needs more biomass or green gas as baseload and can do with more hydro and pumped storage for flexibility. Too much reliance on wind is both costly given the need for backup and leaves us vulnerable on capacity on low wind days.

BUSINESS

13 Speed up introduction of Freeports and make sure they have high levels of exemption from customs, taxes, and property restrictions.

14 Create new Enterprise Zones, including in conjunction with Free ports.

15 Change procurement rules allowing more UK only bidding for UK government contracts, as with MOD. UK government purchases should be much more UK rich in choice of goods. Why does the UK public sector import any cars?

16 Develop the vaccine model where UK government backed a research project, helped with installation of production capacity and then had preference for purchasing product.

FISHING

17 Ban EU vessels fishing for shellfish in Class B waters in response to their ban on our exports

18 Step up policing of UK fishing rules on foreign vessels

19 Ban supertrawlers over 100m in length

20 Get DEFRA to roll out faster, better and more generous plans to step up UK domestic fishing capacity in both sea going vessels and processing fish

FARMING

21 Inject more attention to promote more food production in the UK into new subsidy schemes

22. Speed up schemes to install more market gardening capacity into UK to produce our own temperate fruits and vegetables, and to extend the growing season under glass and polytunnels

23 Ensure tree planting schemes and subsidies are also linked to much more sustainable forestry to produce timber for home use. Why do we import timber to burn at Drax power station? Why don't we produce more of our own wood for housebuilding and furniture fabrication?

TRANSPORT

24.Reimpose road charge on foreign lorries using U.K. roads to help domestic haulage

25.Repeal the limitations placed on the Merchant Shipping Act by the ECJ, and develop a better framework for UK owned and registered ships. We need to encourage more UK flagged vessels.

I attach the check list from the Report of their suggestions. I would be interested in comments, as government will now consider all this. Many of their proposals takes the form of additional regulation for new areas which they wish to see done in a spirit of assisting the development of these areas. It would have been helpful to have some worked up proposals of how this might work.

THE Annex A: Full list of recommendations

A BOLD NEW REGULATORY FRAMEWORK FOR THE UK

1. Promote productivity, competition and innovation through a new framework of

proportionate, agile and less bureaucratic regulation.

1.1. Reimpose the 'one in, two out' regulatory duty on all government departments.

1.2. Make the UK a global pioneer and leader in agile, adaptive regulation to increase productivity, competition and innovation.

1.3. Create a lead Cabinet Minister and ensure there is a Cabinet Committee responsible for the implementation of regulatory reform.

1.4. Mandate a new "Proportionality Principle" at the heart of all UK regulation.

1.5. Use digital sandboxes to test innovations more quickly and ensure regulation

is based on evidence of impact.

1.6. Regulators should introduce 'scaleboxes' to provide agile regulatory support

to high growth innovative scale-up companies.

1.7. Give regulators statutory objectives to promote competition and innovation in

the markets they regulate.

1.8. Delegate greater flexibility to regulators to put the principles of agile regulation

into practice, allowing more to be done through decisions, guidance and rules rather than legislation.

1.9. Give the Regulatory Reform Committee a remit to scrutinise all regulators and regulatory reform proposals. Bolster its resources, including with seconded experts, to carry out this expanded function.

1.10. Include consideration of the wider effects of proposed policies in Regulatory

Impact Assessments, including on innovation, competition, the environment, and trade.

1.11. Establish a framework for regulators to report publicly on how they have promoted competition and innovation in the markets they regulate.

1.12. Produce a simple annual innovation scorecard to assess departments and regulators on the markets they are responsible for.

1.13. Embed our recommendations in the UK Innovation Strategy, use non-legislative and existing regulatory powers where possible and make use of targeted primary legislation.

1.14. Set a UK standards strategy to promote the use of British standards internationally as a way to boost UK influence and promote trade and exports.

SECTOR PROPOSALS

UK PENSIONS AND INVESTMENTS

2. Reform regulations limiting UK pension and insurance funds to enable greater investment in UK domestic growth.

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2.1. Enable Defined Contribution (DC) pensions schemes to diversify their investments into venture capital and businesses that drive Net Zero and levelling up commitments.

2.2. Amend matching adjustment and risk margins in Solvency II to release significant capital for investment in the UK.

2.3. Attract private investment to help regenerate local infrastructure and support the UK's levelling up agenda.

UK START-UP AND SCALE-UP FINANCE

3. Amend the Seed Enterprise Investment Scheme (SEIS) and the Enterprise Investment Scheme (EIS) to maximise Private Equity and Venture Capital investment in growth industries.

3.1. Amend the age eligibility requirements for companies to access investment

through EIS and SEIS to ensure businesses outside London and the south east benefit equally.

3.2. Increase the maximum level of SEIS investment.

3.3. Commit to the continuation of EIS beyond 2025.

FINANCIAL SERVICES

4. Restore a common law principles based approach to financial services regulation.

4.1. Amend inherited MiFID II Position Limits to introduce greater flexibility while preserving protections on critical contracts.

4.2. Introduce a more discretionary and judgment-based approach to

calculating

Central Counterparty Clearing House (CCP) margins.

5. Deliver a regulatory framework that supports UK global leadership in FinTech

and digitalisation of financial services infrastructure.

5.1. Mandate the expansion of Open Banking to Open Finance quickly, and take a

more market-led, Australian-style approach.

5.2. Increase competition in the banking sector by adopting a graduated regulatory approach for challenger banks.

5.3. Reducing Anti-Money Laundering (AML) burdens for new Open Banking/Fintech services, which have been caught in the scope of the EU AML Directive.

5.4. Accelerate UK plans to develop a Central Bank Digital Currency (CBDC) and

launch a pilot within 12 – 18 months.

6. Amend disclosure and transparency requirements for financial services products to make them more proportionate and less burdensome.

6.1. Remove the requirement to provide costs and charges reports to professional

investors and eligible counterparties from MiFID II.

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6.2. Remove the “investment recommendation” disclosure requirements from MAR for wholesale clients.

6.3. Confine the key information document disclosure requirement in PRIIPs to genuinely complex packaged products.

DATA

7. Replace the UK General Data Protection Regulation 2018 with a new, more proportionate, UK Framework of Citizen Data Rights to give people greater control of their data while allowing it to flow more freely and drive growth across healthcare, public services and the digital economy.

7.1. Reform GDPR to give people meaningful control of their data.

7.2. Reform GDPR for artificial intelligence, including by removing Article 22 of

GDPR and focussing instead on the legitimacy of automated decision-making.

SMART GRID

8. Create the ‘smart’ energy grid of the future, through interoperable data standards, reforms to the energy retail market, regulation, and licencing, and a

new regulatory framework for smart appliances.

8.1. Support the deployment of low-carbon technologies on to8.2. Create clear consistent technical and regulatory standards for ‘energy smart’ appliances to support their roll out – creating a more stable energy network in

response to growing demands for energy.

8.3. Modernise energy retail regulation to support novel and innovative participation in the energy market and improve consumer protections by using activity-based regulation rather than supply licenses.

8.4. Reform the regulation framework for the retail energy market to enable innovative approaches to tariff pricing and new products.

8.5. Prioritise investment in infrastructure in pricing negotiations with energy market operators.

NET ZERO

9. Reform the current UK regulatory framework governing energy generation and distribution to match the Government's ambitions for green growth and Net Zero.

9.1. Fully implement the short-term findings of the Offshore Transmission Network

Review, reforming offshore transmission connections to support disruptive 'pathfinder' projects in the industry.

9.2. Reform the regulatory framework for offshore wind to simplify responsibilities

across government, and create a more coordinated offshore network that uses standardised designs and can link with interconnectors at scale.

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9.3. Reform OFTO regulations to unblock industry coordination of offshore wind projects.

9.4. Review the Grid Code and other relevant technical codes and standards, to

ensure they adequately support innovative net-zero and decarbonisation technologies.

9.5. Design and deliver an energy network 'blueprint' to support further delivery of offshore wind power.

9.6. Create a new regulatory framework for hydrogen via a new Office for Hydrogen in BEIS, encouraging investment and innovation in the sector.

9.7. Increase the legal limit on hydrogen blending by amending the Gas Safety1.5. Simplify and accelerate NIHR adoption and peer review process for trials that

are fully funded with standardisation of costing tools across academic and commercial trials.

11.6. Streamline clinical trial set up by HRA adopting automated AI or digital

processing of ethical and trials approvals.

11.7. The MHRA and HRA should accelerate the adoption of novel clinical trial processes through better digitising of trials applications and data and use of

novel models like UK Trials Acceleration Programme (TAP) and IMPACT with the capacity to deliver registration level trials.

11.8. Replace the Caldicott data guardians with a HRA Single Data Controller 'One-stop shop' for Health Research Information Governance with harmonised committees to reduce bureaucracy and standardise processes.

11.9. Establish a centralised health dataspine, where all data is stored for ease of

access by approved users across the health network, with standardised format and approval routes for data collection and curation.

11.10. Reform the ICH GCP Guidelines 1995 to embrace the latest novel digital and

biomarker end points, and replace 'standard of care' control arms with

'synthetic control arms' derived from RWE (Real World Evidence) and RWD (Real World Data).

11.11. Accelerate Access to innovation by establishing clear digital framework for

Conditional Approvals and Adaptive Licensing of new therapies like gene therapies based on data including from the new Electronic Patient Recorded Outcomes Measure (EPROMs) data spine.

11.12. Expand the MHRA remit and Innovation Team to include promotion of UK leadership in innovative trial design, new accelerated access regulatory pathways, standardising format and approval routes for data collecting, curating and collation, and use of novel clinical and digital biomarkers and AI.

11.13. Set global Standards in Clinical Research Skills through a UK professional standard for clinical trials research nurses, clinical trial managers, data managers & clinical trials pharmacists.

11.14. MHRA to work with stakeholders to establish a UK Regulatory Innovation Hub

on the same model as the US Centers of Excellence in Regulatory Science¹⁴.

MHRA to work with stakeholders to establish a UK Regulatory Innovation Hub and Innovation (CERSIs).

11.15. Regulation of medical cannabinoids and medicinal CBD should move from the Home Office to DHSC / MHRA to create a regulatory pathway for assessment and approval based on patient benefit.

DIGITAL HEALTH

12. Establish a clear regulatory pathway for new digital health technology from

approved health apps to integrated healthcare ICS system management to ensure the UK is at the forefront of the digitalisation of healthcare.

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12.1. Remove the barriers to adoption of health apps by creating a new digital

health regulatory unit within the MHRA, responsible for establishing clear digital interoperability standards and an integrated regulatory pathway for development of Consumer Healthcare Apps.

12.2. Remove barriers to accelerate the integration of business-to-consumer digital

health, and create a simple regulatory framework to help new companies develop tools that recruit, diagnose and treat otherwise hard-to-reach patients.

12.3. Remove barriers to local health prevention through the new ICS by establishing a digital framework for assessing Disease Cost and Population Health by each local authority area.

12.4. Reform GDPR to improve use of healthcare data by establishing federated models of data sharing and creating a joint sandbox between the ICO and the HRA.

12.5. Update regulations on medical devices to represent the latest technological

advancements and to licence and adopt AI and AI software as a diagnostic device.

12.6. Remove the barriers to mental health apps by accelerating the

integration of

business to consumer patient wellness apps like IESO Healthcare with clinical neuroscience research networks like the Case Register Information System and NIHR research databases like Incliseran to create an integrated UK digital health spine for mental health.

12.7. Extend the IAPT outcome measurement framework (or an IAPT like framework) to Children and Young People and to other therapeutic interventions (e.g. drug treatment) to be able to compare drug and non-drug therapy and conduct multimodal trials.

AGRI-ENVIRONMENT

13. Replace EU rules with an integrated agri-environment framework which better

supports the development of more environmentally sustainable agriculture, with more proportionate and evidence-based, outcomes-focussed regulation.

13.1. Promote a flexible, market based trading system for biodiversity offset credits.

13.2. Implement with urgency the data sharing provisions in the Agriculture Act

2020 to unlock data silos in agriculture and the environment.

13.3. Develop a comprehensive system of environmental metrics for sustainable agriculture, incorporating the environmental impacts of a production system from field to fork, to support clearer food labelling.

13.4. Develop a supportive regulatory environment to enable the development of

and increased use of agri-tech to promote sustainable agriculture.

13.5. Simplify compliance with environmental licensing and permitting requirements, with the aim of moving from a mechanistic compliance-based system toward outcome measurement.

13.6. Deliver a common-sense solution to transitioning chemical registrations from

EU to the UK REACH.

13.7. Introduce further exemptions to Annex XVII of UK REACH to allow the reuse

of products in support of the UK's circular economy ambition.

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13.8. Reform landfill surrender requirements to accelerate diversification away from

landfill.

13.9. Adopt a risk-based approach to waste regulation to drive greater re-use of

waste products.

13.10. Remove burdensome EU regulation on the animal feed industry, whilst maintaining rigorous safety standards.

AGRICULTURAL GENOMICS

14. The UK Government should actively support research into and commercial adoption by UK farmers and growers of gene edited crops, particularly those which help the transition away from agrochemicals to naturally occurring biological resilience.

14.1. Interpret current GM rules on a case-by-case basis, to permit specific crops

with proven benefits and which are consistent with the UK's rigorous

standards on food safety and environmental protection.

SPACE AND SATELLITES

15. Through reform of the Space Industry Act, the Government should address the indemnity and liability issues currently holding back investor confidence in the UK as a satellite launch and operations hub.

15.1. Amend the Space Industry Act 2018 to cap liability and indemnity requirements for licence applicants to launch and operate satellites from the UK.

15.2. Ensure the Civil Aviation Authority has the expertise to fulfil its new and additional responsibilities as a regulator for the space sector.

15.3. Develop an Earth Observation (EO) data regulatory policy framework.

NUTRACEUTICALS

16. Create a new regulatory framework for the fast-growing category of novel health enhancing foods and supplements to promote investment in the UK as a leader in the nutraceutical sector.

16.1. Establish clear regulatory standards and definitions for 'nutraceutical products and create a permissive environment for regulation of products with accepted science outcomes, to form a new easier nutraceutical product regulation pathway.

16.2. Encourage NIHR to gather data to support claims and enable research into products medicinal and health properties, lead on international standardisations and ensure a pathway to market, so that consumers are aware of the health benefits and better able to make informed choices.

OTHER TARGETED REFORMS

17. Deliver other targeted regulatory reforms to reduce the regulatory burden on 124 businesses.

17.1. Amend the Weights and Measures Act 1985 to allow traders to use imperial measurements without the equivalent metric measurement.

17.2. Develop an optional e-labelling system for devices with screens or that can be connected to a screen, to display compliance information.

17.3. Repeal the Port Services Regulation 2019 (SI 2019 No. 575) to remove unnecessary, EU-derived regulatory burdens on UK ports.

17.4. Liberalise parallel import laws to reduce prices and increase choice for consumers.

17.5. Urgently review guidance on hand sanitisers so that tested, effective non-alcohol based sanitisers can be used