

“One-in, one-out” System Aims to Reduce Red Tape

The Government has announced details of its new “one-in, one-out” approach to regulation as part of a ‘comprehensive package of measures’ designed to cut red tape and bureaucracy. As of 1 September 2010, Ministers will not be able to implement new business regulations unless they can identify existing regulations with an equivalent cost to be removed. A panel of business experts will also scrutinise all new legislation before it is introduced, in an attempt to reduce the red tape ‘burden’ that UK businesses face. It is estimated that regulation cost UK firms £88.3 billion last year.

It remains to be seen whether the new system will have any real impact, as initially it will only apply to domestic legislation. It is estimated that a third of new regulations came from the EU last year; therefore UK businesses may only experience a real benefit if the system is extended to cover EU regulations. The Government has indicated that it intends to expand the system in due course, but in the meantime it has pledged to take a more ‘rigorous approach’ to regulation emanating from the EU by engaging earlier in the Brussels policy making process; taking a strong approach to negotiations; and ending the ‘gold-plating’ of EU legislation.

Whilst the new approach has been broadly welcomed by UK businesses, many are reserving judgment for the time being. Some commentators have noted that politicians are constantly promising to cut red tape, but in practice, very little changes. Others have expressed concern that such an arbitrary requirement may result in poor legislation, or no legislation at all in areas where it is needed.

As part of its package, the Government has indicated that it will also review ‘burdensome’ regulation such as employment law. Critics have questioned whether any significant amount of red tape can be cut in this field, as the Government is unlikely to repeal legislation which it is compelled to follow by EU law. It remains to be seen whether the review will have any real impact, but one thing is certain – employment law will remain a fluid and challenging area of law, for which specialist advice is essential.

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