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# FOOD STANDARDS AGENCY

## Administrative Burdens Measurement Exercise

### Final Report

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# Preface

## **Purpose of the report**

The primary purpose of this report is to communicate the results of the Administrative Burdens Measurement Exercise (ABME) for the Food Standards Agency. The ABME forms part of the Government's wider Administrative Burdens Reductions Project (ABRP).

The report presents the administrative costs for the regulation in scope for the FSA; it explains how the measurement was carried out, any variations in the planned implementation approach and how these were handled. It provides a primary level of analysis of the administrative costs measured for the FSA.

As part of the reporting for the ABME standard text has been agreed and used within this report.

## **Use of findings in the report**

The results of the ABME offer the FSA the opportunity to identify how changes to its regulations or the way in which it implements them in the future can help to reduce the cost to business of understanding and complying with them, and the time taken by enforcement officers to enforce them. It aims to provide those involved in regulating or enforcing regulation with the ability to:

- Understand the scale of the administrative costs imposed by regulation;
- Identify opportunities to reduce the overall level of the costs;
- Monitor future progress in reducing the costs and conduct international benchmarking of the costs in the UK;
- Integrate better regulation practices into policy making to help create culture change across government; and
- Improve relationships and dialogue between those who regulate and those who are regulated.

The overall aim of the ABRP is to bring about culture change across government in the way policy is made as part of the broader better regulation agenda. The results of the ABME offer data to inform this process.

## **Governance of the ABME**

Overall responsibility for initiating and coordinating the ABME has rested with the Better Regulation Executive (BRE) within the Cabinet Office. The BRE's project team has been responsible for coordinating the work across departments, including the development and consistent application of the Standard Cost Model (SCM). The overall management and direction of the project has been through a Project Board chaired by BRE with representation from a number of departments. Departments have been responsible for the provision of information relating to the regulations in scope, the validation and sign off of data and the sign off of their respective reports.

A consortium led by PricewaterhouseCoopers (PwC) and including legal experts from DLA Piper and Landwell has been responsible for implementing the project supported by the BRE and the FSA.

## **The nature of the results**

### **Qualities of the estimates**

The measurement has been carried out in accordance with the framework and methodology set out in the SCM.

The estimates of administrative costs contained in this report are indicative and are not statistically representative. The SCM measurement adopts a pragmatic approach to provide a reasonably consistent estimate of the administrative costs on business arising from regulation.

The estimates are of administrative costs of which administrative burdens are a part. The costs of some activities that business, charities and the voluntary sector would carry out regardless of regulatory requirements (business as usual costs) may be included. Equally some costs that may be regarded as associated with the underlying policy aim rather than being purely administrative may be included. Conversely, the costs of other administrative tasks, for example requirements that come from case law, are not included as they do not fit the SCM framework which is based on information obligations arising out of regulations. Looking forward, if the Government is to ensure that effort is focused on areas that business will feel the most benefit from, it will need to consider how to take into account business as usual costs in setting targets based on the estimates generated using the SCM.

### **Table conventions**

The tables in this report include both monetary amounts and percentages. Where numbers have been rounded, a consistent method has been used. Figures have been rounded as follows:

- All percentages are expressed as whole numbers, rounded to no decimal places (e.g. 70.4% is rounded to 70% and 70.5% is rounded to 71%).
- All financial figures are expressed in millions, to one decimal place (e.g. £13.55m is rounded to £13.6m and £13.54m is rounded to £13.5m), except for the Median, Minimum and Maximum which are expressed in thousands, with no decimal places.

Due to the rounding of numbers and percentages, not all of the tables presented in this report will add up to the total shown or 100%.

A dash in the tables indicates that a percentage cannot be evaluated.

A common set of tables have been prepared for all of the reports to which the ABME applied. In some cases, the tables included show zero values as the table content does not apply to the report in question.

## **Report structure**

This report for the FSA sets out the background and objectives of the project, including the key areas of the FSA's regulation affecting the private sector, the approach and methodology used to assess the administrative costs associated with regulation, quantitative and qualitative administrative cost results for the Agency and resulting conclusions.

The report has been prepared by PwC using a common framework and guidance developed jointly with BRE and departments. The reports share the same structure and therefore this report includes generic text which has been agreed by the Project Board chaired by BRE. The report has been agreed with the department and the BRE.

An Executive Summary is included at Section 1 which provides an overview of the whole report – repeating key points and main findings. The main body of the report commences at Section 2.

In addition to the main body of the report, a set of annexed tables provide more detailed results.

Two separate documents (one included electronically on spreadsheets) provide more detail behind the results and a summary of how the methodology was implemented ('The Technical Summary').

The measurement work reflected in this report was based on a snapshot of the administrative costs imposed by regulation as at May 2005. Since then, notably in May 2006, a number of changes have been made to the allocation of policy responsibilities across a number of government departments which affect departmental ownership of regulations. These changes have not been reflected in the reports but they will be reflected in departmental simplification plans.

# 1 Executive summary

## 1.1 Introduction

The Administrative Burdens Measurement Exercise (ABME) was launched by the Government in response to the Better Regulation Task Force's report, 'Regulation: Less is More' as part of the Chancellor of the Exchequer's Better Regulation Action Plan (BRAP). The aim of the ABME is to estimate the administrative costs incurred by the private sector<sup>1</sup> as a result of all regulations imposed by central government.

The project has covered all regulations in force as of May 2005 and has involved 15 other government departments and their agencies besides the Food Standards Agency. A parallel project has considered the administrative costs which arise from HM Revenue & Customs's operation of the fiscal system.

The measurement work reflected in this report was based on a snapshot of the administrative costs imposed by regulation as at May 2005. Since then, notably in May 2006, a number of changes have been made to the allocation of policy responsibilities across a number of government departments which affect departmental ownership of regulations. These changes have not been reflected in the reports but they will be reflected in departmental simplification plans.

The focus of the work has been on measuring the administrative costs of regulation rather than the compliance or policy costs. These are defined as "the [recurring] costs of administrative activities that businesses are required to conduct in order to comply with the information obligations that are imposed through central government regulation<sup>2</sup>."

It is anticipated that the results of the ABME will inform the process of setting and agreeing departmental targets for year-on-year net reductions in administrative costs and burdens. In this way, the project is expected to drive improvements in productivity and, hence, economic performance. Following the Chancellor of the Exchequer's Budget in March 2006, the Agency is expected to prepare a detailed proposal for realising such targets, as part of a more general Simplification Plan.

The Better Regulation Executive (BRE) within the Cabinet Office co-ordinated the initiative to ensure consistency across departments and each department has been responsible for estimating the costs of its own regulations. A consortium led by PricewaterhouseCoopers (PwC) and including legal experts from DLA Piper and Landwell has led the implementation of the project supported by the BRE and the FSA.

## 1.2 Approach and methodology

The ABME has been based on the application of the Standard Cost Model (SCM). This provides a simplified but consistent framework for estimating the administrative costs imposed on business by central government regulation. The SCM was initially developed in the Netherlands and has also been extensively applied in Denmark.

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<sup>1</sup> The private sector includes all businesses, charities and voluntary organisations.

<sup>2</sup> Definition from the Standard Cost Model Manual S3.1.4, page 15

The ABME was implemented between September 2005 and May 2006 in three phases:

- Phase 1 – Preparatory analysis: this primarily involved identifying and agreeing the regulations within the scope of the project and then breaking down these regulations into their constituent parts such that the information and data that businesses are required to provide to government were identified and classified.
- Phase 2 – Time and cost data capture and standardisation: this was concerned with collecting the data needed to calculate the total administrative costs which result from each of the requirements identified in Phase 1, including the number of organisations required to comply and unit costs per organisation. The data were collected, reviewed and assessed on a continuing basis to ensure they were credible and representative of 'normally efficient businesses'.
- Phase 3 – Calculation, data submission and reporting: this focused on processing the data collected and producing this report on the administrative costs imposed by regulations on business.

### 1.3 Properties of the cost estimates

The estimates of administrative costs included in this report are based on the application of the SCM which is designed to produce consistent estimates and so enable measurements to be compared and targets for reductions to be set across government. The SCM relies on deriving estimates of the standard cost of meeting each information obligation/data requirement (IO/DR) within a regulation for a 'normally efficient business'. Given the need to manage the overall costs of data collection while providing information about a very large number of information obligations/data requirements (IO/DRs), the SCM relies on the input of a limited number of experts and/or businesses. As such, it does not produce a statistically representative measure of costs: instead, it is a pragmatic approach to measurement that gives an indicative estimate of the magnitude of costs which provides a starting point for setting reduction targets and highlighting the areas of focus. Moreover, the nature of the estimation process means that the greater the level of disaggregation of the cost estimates, the greater the potential margins of error surrounding the cost estimate. Nonetheless, experience from Denmark and the Netherlands demonstrates that using SCM-based estimates of administrative costs can provide a useful framework within which to focus efforts to reduce burdens.

In interpreting the results of the application of the SCM, it is important to recognise that the SCM provides an estimate of administrative costs of which administrative burdens are a part. The costs of some activities that business, charities and the voluntary sector would carry out regardless of regulatory requirements (business as usual costs) may be included. Equally some costs that may be regarded as associated with the underlying policy aim rather than being purely administrative may be included. Conversely, the costs of other administrative tasks, for example requirements that come from case law, are not included as they do not fit the SCM framework which is based on information obligations arising out of regulations. Looking forward, if the Government is to ensure that effort is focused on areas that business will feel the most benefit from, it will need to consider how to take into account business as usual costs in setting targets based on the estimates generated using the SCM.

### 1.4 Key regulatory areas in scope

The FSA was set up as an independent government department in 2000, created to protect the public's health and consumer interests in relation to food. The FSA has a wide remit, providing advice and information to the public and Government on food safety from farm to fork, nutrition and diet. It also protects consumers through effective food enforcement and monitoring.

The FSA has a number of internal directorates which aim to deliver the above objectives. These are:

- 1 Consumer Choice and Dietary Health;
- 2 Food Safety Policy;
- 3 Corporate Resources;

- 4 Enforcement;
- 5 Legal Services;
- 6 Communications;
- 7 FSA Scotland;
- 8 FSA Wales; and
- 9 FSA Northern Ireland.

Ten divisions within the Consumer Choice and Dietary Health, Food Safety Policy and Enforcement directorates held responsibility for regulations which were measured in this project. The key regulatory areas broadly covered labelling of foods, food safety, food hygiene, control of foodstuffs, and trading and marketing standards.

For the FSA, the ABME has covered 53 regulations containing 374 IO/DRs. In measuring these:

- 45% of the measurements were obtained solely from business interviews (for 34% of IO/DRs, which make up 86% of the total administrative cost);
- 11% of the measurements were obtained from a mix of one Expert Panel and business interviews (for the IO/DRs in the Food Labelling Regulations, which make up 6% of the total administrative cost); and
- 44% of the measurements were obtained using Assessments (for 60% of IO/DRs, which make up 8% of the total administrative cost).

In all, 92% of the overall estimated administrative costs were obtained from business-facing approaches (interviews and expert panels) and 8% of the overall estimated administrative costs were obtained by Assessment.

The validated results were then grossed up to provide an indicative estimate of the overall administrative cost resulting from the measured regulations.

## 1.5 Implementation variations

### Identifying quantity

The work to gather quantity/population data has highlighted extensive gaps in knowledge about the number of organisations that are affected by some of the FSA's regulations. As a result, many of the population figures used in the ABME are based on estimates made by PwC or the FSA. Where policy officials were not comfortable providing an estimate, a 'banding' or 'range' was applied by PwC and discussed with policy officials.

### Non Standard Segmentation

Businesses of different sizes face different resource and cost constraints and the SCM allows for account to be taken of potential variations in the unit costs of administration that are linked to organisation size. In some cases, it is appropriate to apply different means of segmentation, for example, industry sector or turnover. This is referred to as non-standard segmentation. It was agreed for FSA that non-standard segmentation should be applied to two IO/DRs of Regulation (EC) No.178/2002 of the European Parliament and the Council<sup>3</sup>, relating to the traceability of supplies made to and from businesses. This ensures that the administrative cost reflects differences in unit costs between different industry sectors rather than different sizes of business.

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<sup>3</sup> IOs with the IO Reference: 43241 and 43244

Four segments were applied:

- Farmers / fishermen;
- Food Processors;
- Wholesalers / retailers; and
- Caterers.

#### **Allocation of cost data**

In some cases businesses provided a single cost data estimate that covered more than one IO/DR, largely because it was difficult for the respondent to disaggregate the cost to a more granular level. In these cases, the cost was allocated against one of the IO/DRs only and the connected IO/DR was marked as zero to avoid double counting of cost.

## **1.6 Overall results**

The total administrative cost of the 53 regulations measured for the FSA, calculated according to the SCM, is estimated to be £128.1 million.

The measurement exercise mapped regulations in force in May 2005. Fourteen of the 53 FSA regulations measured have been revoked and replaced by new EU food hygiene regulations. The new EU food hygiene regulations do not fall within scope of the project as they only came into force on 1 January 2006. They have therefore not been measured.

The majority of the FSA's total administrative costs are attributed to obligations of international origin, with the proportion of costs between Category A obligations (i.e. obligations which are exclusively a result of EU rules) and Category B obligations (i.e. obligations where the purpose is formulated at EU level but implementation has been left to the UK) broadly the same. Only £2.8million (2%) of the total administrative cost is attributed to obligations of domestic origin, relating to just 20 IO/DRs contained within 12 of the FSA's regulations.

Since 98% of the FSA's obligations are of international origin, there is less scope for the FSA to reduce the administrative cost in the short term than a department that is mainly responsible for regulations formulated under UK legislation. FSA will have greater influence over Category B obligations. It is also important to note the FSA's existing initiatives in this area such as the new EU food hygiene legislation implemented on 1 January 2006, which consolidated 17 separate hygiene regulations.

A small proportion of regulations account for the majority of the total administrative costs; seven of the 53 regulations have been estimated to account for around 85% of the total administrative cost:

- Regulation (EC) No.178/2002 of the European Parliament and the Council - £30.2 million (24%)
- Dairy Products (Hygiene) Regulations 1995 - £24 million (19%)<sup>4</sup>
- Fresh Meat (Hygiene and Inspection) Regulations 1995 - £15.1 million (12%)<sup>4</sup>
- Meat Products (England) Regulations 2003 - £12.1 million (9%)
- Meat Products (Hygiene) Regulations 1994 - £10.9 million (8%)<sup>4</sup>
- Feeding Stuffs Regulations 2000 - £9.5 million (7%)
- Food Labelling Regulations 1996 - £7.2 million (6%)

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<sup>4</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

Around one third of the total administrative costs are incurred by businesses providing information to third parties i.e. non public sector bodies.

The measurement exercise also provides an indication of the types of obligations and administrative activities that businesses are required to undertake in order to comply with the Agency's regulations. The results suggest that the three highest obligation types and administrative activities by total cost carried out by businesses are:

*Top 3 obligation types (% of total administrative costs)*

- Keeping records (41%);
- Statutory labelling for the third parties (24%); and
- Returns and reports (8%).

*Top 3 administrative activities by type (% of total administrative costs)*

- Gathering and assessing relevant information / figures (28%);
- Familiarisation with requirements (7%); and
- Reporting - including written descriptions, copying, filing, distributing or submitting information / reports (5%).

## 1.7 Conclusions

The measurement exercise provides an important insight into the scale of administrative costs faced by business complying with the FSA's regulations. As recognised by the Chancellor of the Exchequer's commitment in his recent Budget statement, the results of this exercise will be used to:

- Publish detailed targets for the reduction of these burdens; and
- Inform 'simplification plans,' which define the measures being taken by the Agency to implement the Hampton review<sup>5</sup>, and remove outdated or outmoded regulations.

The administrative cost of the 53 regulations measured, calculated according to the SCM, is estimated to be £128.1 million. An important finding is that a small number of the FSA's regulations impose the majority of administrative costs on business; seven regulations are estimated to account for 85% of the total administrative cost. The main drivers for these costs are either high populations i.e. the number of businesses affected, or high unit costs per business or transaction undertaken by a business.

An understanding of the key drivers of total costs will help inform any exploration into how the costs might be reduced. For high costs driven by quantity, such as traceability requirements or the registration of food businesses, this might involve a review of the number of times an obligation must be undertaken or the number of businesses affected. For costs driven by high unit costs, such as certain labelling requirements, this might involve recommendations for the streamlining of legislation or a review of existing support and guidance provided to business to make it easier for them to understand and comply with the regulation.

It is also be important for the FSA to consider obligations that may not contribute significantly to the overall administrative cost but do contribute a disproportionate level of inconvenience to those businesses that are affected. This is reflected in some of the qualitative findings from business interviews which suggest that certain regulations, for example, Natural Mineral Water, Spring Water and Bottled Drinking

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<sup>5</sup> Referenced in the final report of the Hampton Review prepared for HMT called "Reducing administrative burdens: Effective inspection and enforcement" by Philip Hampton, March 2005, available at [www.hm-treasury.gov.uk/hampton](http://www.hm-treasury.gov.uk/hampton)

Water Regulations 1999 and Fresh Meat (Beef Controls)(No 2) Regulations 1996 are costly for those businesses affected, even though these are not necessarily high cost regulations for the FSA as a whole.

The exercise indicates that around 98% of the FSA's administrative costs are derived from EU legislation. This makes it possible to identify which obligations the FSA may be better able to influence to reduce costs in the short term, as well as those for which the UK might support simplification at an EU level in the longer term.

The key task now for the FSA is to start to identify those areas where simplification activities can deliver savings in terms of the administrative costs incurred by businesses affected by the Agency's regulations, while ensuring the same policy outcomes.

## 2 Introduction

This report describes the work which has been undertaken in relation to the Food Standards Agency (FSA/'the Agency') as part of the Administrative Burdens Measurement Exercise (ABME) which forms part of the Government's Administrative Burdens Reductions Project (ABRP).

This introductory Section is divided into three further parts:

- An explanation of the general background and objectives of the ABME and its relationship to both the ABRP and the Government's Better Regulation Action Plan (BRAP) followed by a description of the scope of the exercise, the timetable for the work and the roles and responsibilities of those involved in its delivery. A list of definitions is included within the glossary attached to the report.
- An overview of the regulations for which the FSA is responsible and which have been covered by the ABME.
- A summary explanation of the approach and methodology which have been adopted.

As part of the reporting for the ABME standard text has been agreed and used within this report.

### 2.1 Background

In March 2005, the report by the Better Regulation Task Force (BRTF), 'Regulation: Less is More', recommended that the Government should follow the example of the Dutch Government and use the Standard Cost Model (SCM) to measure the administrative costs caused by regulation and then to set targets for their reduction, focusing in particular on the burden.

This recommendation was readily accepted by the Government and, in May 2005, the Chancellor of the Exchequer launched the Government's BRAP which included a commitment to undertake the measurement exercise. Subsequently, two related projects were launched:

- One project, led and coordinated by the Better Regulation Executive (BRE), which sits within the Cabinet Office, has assessed the administrative costs arising from the information obligations/data requirements (IO/DRs) associated with the regulations of 16 government departments; and
- A parallel project, led by HM Revenue & Customs (HMRC), has assessed the administrative costs associated with the UK fiscal system, with a particular emphasis on understanding the impact on small firms.

#### 2.1.1 Objectives

The ABME is of strategic importance. Government ministers have stressed the potential contribution that reductions in the burden of administration can make to reducing unnecessary costs facing the private sector and so driving improvements in productivity and, hence, economic performance. The FSA sees the identification and measurement of administrative costs as a necessary prelude to, and driver for, regulatory simplification, a broad term encompassing activities from consolidation and codification of regulations to simplification of guidance. The ABME offers the FSA the opportunity to identify how changes to its regulations or the way in which it implements them in the future can help to reduce the cost

to business of understanding and complying with them, and the time taken by enforcement officers to enforce them. If compliance rates can be increased at the same time as a result, this will deliver improved policy benefits, for example in terms of greater consumer protection or enhanced environmental protection. Reflecting this, the ABME aims to provide those involved in regulating or enforcing regulation with the ability to:

- understand the scale of the administrative costs imposed by regulation;
- identify opportunities to reduce the overall level of the costs;
- monitor future progress in reducing the costs and conduct international benchmarking of the costs in the UK;
- integrate better regulation practices into policy making to help create culture change across government; and
- improve relationships and dialogue between those who regulate and those who are regulated.

Experience from both the Netherlands and Denmark suggests that there is considerable benefit in conducting a measurement exercise even before considering a burdens reduction programme. Identifying and understanding where costs stem from and areas where the costs are particularly high allows departments to adopt a more strategic approach to regulatory reform.

### **2.1.2 Scope and timescale**

The scope of the ABME is wide. It seeks to assess the administrative costs (as opposed to the policy/compliance costs) imposed on all parts of the private sector. This is taken to comprise businesses, charities and voluntary organisations<sup>6</sup>. The total administrative costs are calculated as the sum of the time related costs plus the expenses incurred in procuring the necessary external goods and services.

The ABME covers all regulations in force as of May 2005 and extends to cover all Whitehall departments and their related agencies and Non-Departmental Public Bodies (NDPBs). The exceptions are the Ministry of Defence, the Foreign & Commonwealth Office, the Department for International Development and the Cabinet Office: these departments have no regulations which fall within the scope of the ABME.

The measurement work reflected in this report was based on a snapshot of the administrative costs imposed by regulation as at May 2005. Since then, notably in May 2006, a number of changes have been made to the allocation of policy responsibilities across a number of government departments which affect departmental ownership of regulations. These changes have not been reflected in the reports but they will be reflected in departmental simplification plans.

Legislation for which devolved Governments in Scotland and Wales are responsible was not within the scope of the exercise. However, the project team interviewed businesses in Scotland and Wales where UK-wide regulation impacts on these areas.

Work on the ABME has been undertaken between September 2005 and May 2006.

### **2.1.3 Roles and responsibilities**

Overall responsibility for initiating and coordinating the ABME has rested with the BRE within the Cabinet Office. The BRE's project team has been responsible for coordinating the work across departments, including the development and consistent application of the SCM. The overall management and direction of the project has been through a Project Board chaired by BRE with representation from a number of departments. Departments have been responsible for the provision of information relating to the regulations in scope, the validation and sign off of data and the sign off of their respective reports.

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<sup>6</sup> This is based on the definition of the private sector used by the Office for National Statistics for national accounts purposes.

A consortium led by PricewaterhouseCoopers (PwC) and including legal experts from DLA Piper and Landwell has been responsible for implementing the project supported by the BRE and the FSA.

For the duration of the project, the FSA established a Reference Group to deliver these responsibilities. The group comprised officials from the Agency as well as the BRE and PwC. The role of the Group has been to ensure that the work undertaken is consistent with the methodology implied by the SCM and that key decisions are recorded.

In addition, the FSA created a Monitoring Group to review progress at key stages of the project. The Group comprised officials from the Agency, a member of the BRE's Administrative Burdens Reduction Team, representatives from consumer, enforcement and business organisations and a representative of PwC.

The report has been prepared by PwC using a common framework and guidance developed jointly with BRE and departments. The reports share the same structure and therefore this report includes generic text which has been agreed by the Project Board chaired by BRE. The report has been agreed with the department and the BRE.

## **2.2 Overview of regulation affecting the private sector**

This Section provides an overview of the regulations for which the FSA is responsible and which have been covered by the ABME.

### **2.2.1 Scope and objectives of the department**

The FSA was set up in April 2000. Its statutory objective is 'to protect public health from risks which may arise in connection with the consumption of food, and otherwise to protect the interests of consumers in relation to food'.

The FSA has adopted three core values:

- Putting the consumer first;
- Being open and accessible; and
- Being an independent voice.

It is a UK-wide body operating at arm's length from Ministers and governed by a Board appointed to act in the public interest. The FSA is accountable to Parliament through Health Ministers, and to the devolved administrations in Scotland, Wales and Northern Ireland for its activities within their areas.

The FSA has a wide remit, involving food safety across the whole food chain from producers to consumers. It works with the Meat Hygiene Service (an executive agency of the FSA), local authorities and other government departments to ensure that regulations on food safety and standards are enforced to protect consumers. The FSA advises Ministers on all issues relating to food safety and standards. The FSA negotiates on behalf of the UK in Europe and other international fora, where much of the legal framework and standards for the food market are set. The FSA also provides guidance to the public, businesses, enforcement agents and others.

The FSA's first strategic plan set out its key aims for 2001 to 2006. These were:

- Reduce food borne illness by 20% by improving food safety right through the food chain;
- Help people to eat more healthily;
- Promote honest and informative labelling to help consumers;
- Promote best practice within the food industry;

- Improve the enforcement of food law; and
- Earn people's trust by what we do and how we do it.

The FSA's new strategic plan for 2005 to 2010 has as its key aims:

- To continue to reduce food borne illness;
- To reduce further the risks to consumers from chemical contamination including radiological contamination of food;
- To make it easier for all consumers to choose a healthy diet, and thereby improve quality of life by reducing diet-related disease; and
- To enable consumers to make informed choices.

### **2.2.2 Departmental activities**

The FSA has a number of internal directorates which aim to deliver the above objectives. These are:

- 1 Consumer Choice and Dietary Health;
- 2 Food Safety Policy;
- 3 Corporate Resources;
- 4 Enforcement;
- 5 Legal Services;
- 6 Communications;
- 7 FSA Scotland;
- 8 FSA Wales; and
- 9 FSA Northern Ireland.

Ten divisions within the Consumer Choice and Dietary Health, Food Safety Policy and Enforcement directorates hold responsibility for regulations that fall within the scope of the exercise.

### **2.2.3 Related agencies and NDPBs**

The Meat Hygiene Service (MHS) is an executive agency of the FSA operating within Great Britain. Its main functions are to ensure that the highest standards required by the law for the hygienic production of meat and for the welfare of animals at slaughter are maintained, and to provide a meat inspection service to all licensed meat plants. The MHS also enforces the Bovine Spongiform Encephalopathy (BSE) controls in licensed premises.

The Department of Agriculture and Rural Development (DARD) provides a similar service in Northern Ireland.

### **2.2.4 Key regulatory areas in scope**

The key regulatory areas that fall within the scope of the measurement exercise broadly cover labelling of foods, food safety, food hygiene, control of foodstuffs, and trading and marketing standards.

Seventeen regulations initially included on the Agency's list of regulations to be measured were excluded from the measurement exercise. This was because no IO/DRs were identified for the regulations by the

legal mapping process. In many cases, this is because the regulations provide for the enforcement of provisions set out in EU parent legislation and do not in themselves impose information obligations. In other examples, the regulations have been superseded by subsequent legislation or other statutory instrument(s).

The 17 regulations excluded from the measurement exercise are:

- (Draft) Regulations relating to Import Controls on Food Imported from Chernobyl-affected Third Countries
- Food (Brazil Nuts) (Emergency Control) (England) Regulations 2003
- Food (Figs, Hazelnuts and Pistachios from Turkey) (Emergency Control) (England) (No 2) Regulations 2002
- Food (Peanuts from China) (Emergency Control) (England) (No 2) Regulations
- Food (Peanuts from Egypt) (Emergency Control) (England) Regulations 2003
- Food (Pistachios from Iran) (Emergency Control) (England) Regulations 2003
- Materials and Articles in Contact with Food (England) Regulations 2005
- Fish Labelling (England) Regulations 2003
- General Food Regulations 2004
- Milk and Milk Products (Protection of Designations) Regulations 1990
- Food Irradiation Provisions (England) Regulations 2000
- Food Labelling (Amendment) (Irradiated Food) Regulations 1990
- Food Protection (Emergency Prohibitions) (Radioactivity in Sheep) (England) Order 1991
- Food Safety (Sampling and Qualifications) Regulations 1990
- Food Safety (Ships and Aircraft) (England and Scotland) Order 2003<sup>7</sup>
- Smoke Flavourings (England) Regulations 2005
- Feeding Stuffs (Safety Requirements for Feed-Producing Animals) Regulations 2004

Over the course of the project 12 further regulations were identified as falling within the scope of the measurement exercise. These were not on the list of regulations formally agreed by the FSA at the start of the project and therefore have not been mapped.

The 12 additional regulations identified during the exercise are:

- Council Regulation EEC 737/90 on the conditions governing imports of agricultural products originating in third countries following the accident at the Chernobyl nuclear power station
- Commission Regulation EC 1661/1999 laying down detailed rules for the application of Council Regulation (EEC) No 737/90 on the conditions governing imports of agricultural products originating in third countries following the accident at the Chernobyl nuclear power-station

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<sup>7</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

- Council Regulation 1898/87 on the protection of designations used in the marketing of milk and milk products (as amended)
- Council Regulation 2991/94 laying down standards for spreadable fats (as amended).
- Council Regulation (EC) No 104/2000 on the common organisation of the markets in fishery and aquaculture products
- Commission Regulation (EC) No 2065/2001 laying down detailed rules for the application of Council Regulation (EC) No 104/2000 as regards informing consumer about fishery and aquaculture products.
- Commission Decision 2003/493/EC imposing special conditions on the import of Brazil nuts in shell originating in or consigned from Brazil as amended by Commission Decision 2004/428/EC
- Commission Decision 2002/79/EC imposing special conditions on the import of peanuts and certain products derived from peanuts originating in or consigned from China as amended by Commission Decisions 2002/233/EC, 2002/678/EC, 2003/550/EC and 2004 429/EC
- Commission Decision 2002/80/EC imposing special conditions on the import of figs, hazelnuts and pistachios and certain products derived thereof originating in or consigned from Turkey , as amended by Commission Decisions 2002/233/EC, 2002/679/EC, 2003/552/EC and 2004/429/EC
- Commission Decision 97/830/EC imposing special conditions on the import of pistachios and certain products derived from pistachios originating in or consigned from Iran
- Commission Decision 2000/49/EC repealing Decision 1999/356/EC and imposing special conditions on the import of peanuts and certain products derived from peanuts originating in or consigned from Egypt, as amended by Commission Decisions 2003/580/EC and 2004/429/EC
- Food (Lot Marking) Regulations 1996 requiring that food which has been produced, prepared or packaged as part of a lot is marked or labelled to enable the lot to be identified

These will be mapped and measured by the FSA at a later stage, via a separate exercise.

The following table sets out the ten divisions that hold responsibility for the regulations measured, along with a description of policy area, type of regulation and type of business affected.

**Table 1: Regulatory areas covered by the project and businesses affected**

| Organisation area or Reporting Unit   | Policy area   | Type of regulation(s)   | Type of businesses affected  |
|---|---|---|--|
| Chemical Safety Division<br>(Food Safety Policy)  | Toxicology of Food Chemicals;<br>Mycotoxins, Process Contaminants &<br>Nitrate in Vegetables; Inorganic &<br>Organic Environmental Contaminants;<br>Chemical Safety of Food Packaging | <ul style="list-style-type: none"> <li>• Food safety</li> </ul>   | <ul style="list-style-type: none"> <li>• All food businesses (including producers)</li> <li>• Manufacturers</li> <li>• Distributors</li> </ul> |
| Consumer Choice, Food Standards & Special Projects Division<br>(Consumer Choice & Dietary Health) | Food Labelling & Marketing Terms;<br>Food Law Policy; Standards &<br>Sustainability; Food Allergy<br>(policy/research/labelling)  | <ul style="list-style-type: none"> <li>• Labelling</li> <li>• Trading and marketing standards</li> <li>• Food safety</li> </ul> | <ul style="list-style-type: none"> <li>• All food businesses</li> </ul>  |

| Organisation area or Reporting Unit   | Policy area  | Type of regulation(s)   | Type of businesses affected   |
|---|--|---|---|
| Emergency Planning, Radiation & Incidents Division<br>(Food Safety Policy)          | Radiological Assessments, Radiological Standards, Food Irradiation; Emergency Planning; International Radiological Regulations; Radiological Monitoring Programme; Incidents Branch  | <ul style="list-style-type: none"> <li>Control of foodstuffs</li> <li>Food safety</li> <li>Labelling</li> </ul>                     | <ul style="list-style-type: none"> <li>All food businesses</li> </ul> |
| Enforcement Division<br>(Enforcement)   | Hygiene Technical Support; Food Authenticity; Meat Fraud & Diversity; Hazard Analysis and Critical Control Point (HACCP) & Low Cost Training; Audit; Monitoring; Policy Co-ordination.   | <ul style="list-style-type: none"> <li>Food hygiene</li> </ul>  | <ul style="list-style-type: none"> <li>All food businesses</li> </ul> |
| Imported Food Division<br>(Enforcement)   | Food Standards Enforcement   | <ul style="list-style-type: none"> <li>Control of foodstuffs</li> </ul>   | <ul style="list-style-type: none"> <li>Importers</li> </ul>           |
| Meat Hygiene & Veterinary Division<br>(Enforcement)                                 | MHS policy; Meat Plant Licensing/Licensing Policy; White Meat & Meat Products; Red Meat & Strategy; Veterinary Public Health Research.   | <ul style="list-style-type: none"> <li>Control of foodstuffs</li> <li>Food hygiene</li> </ul>                                       | <ul style="list-style-type: none"> <li>Producers</li> </ul>           |
| Novel Foods, Additives & Supplements Division<br>(Consumer Choice & Dietary Health) | Novel & Genetically Modified (GM) Food Safety; Food Additives, Sweeteners & Flavourings; GM Labelling & Food Supplements.  | <ul style="list-style-type: none"> <li>Control of foodstuffs</li> <li>Food safety</li> </ul>  | <ul style="list-style-type: none"> <li>All food businesses</li> </ul> |
| Nutrition Division<br>(Consumer Choice & Dietary Health)                            | Claims & International Issues; Diet & Nutrition Surveys, Nutrition Policy & Advice; Nutritional Science (SACN & Research); Nutrition Strategy; Labelling, Promotions & Dietetic Food.  | <ul style="list-style-type: none"> <li>Control of foodstuffs</li> <li>Labelling</li> <li>Trading standards and marketing</li> </ul> | <ul style="list-style-type: none"> <li>All food businesses</li> </ul> |
| Primary Production Division<br>(Food Safety Policy)                                 | Food Hygiene Policy & Legislation; General Food Hygiene, Temperature Controls; Egg Products Hygiene, Dairy Hygiene; Agriculture Related Issues, Training Policy; Fish & Shellfish Hygiene; Animal Feed; Pesticides, Veterinary Medicine & Biocides residues in food. | <ul style="list-style-type: none"> <li>Food hygiene</li> <li>Food safety</li> </ul>   | <ul style="list-style-type: none"> <li>Producers</li> </ul>           |
| Transmissible Spongiform Encephalopathies (TSE) Division<br>(Enforcement)           | Veterinary Advisor; TSE Research & Specified Risk Material (SRM) Import Breaches (EU); Over Thirty Months (OTM) Rule Review & Bovine Spongiform Encephalopathy (BSE) Testing; SRM Controls.  | <ul style="list-style-type: none"> <li>Food safety</li> </ul>   | <ul style="list-style-type: none"> <li>Producers</li> </ul>           |

Summary statistics relating to the regulations included within the scope of the measurement exercise can be found in Table 2.

**Table 2: Number of regulations, information obligations/data requirements**

|  | Number of regulations | Number of information obligations (IOs)/data requirements (DRs) |
|--|-----------------------|---|
| FSA / Chemical Safety Division                                     | 2                     | 12  |
| FSA / Consumer Choice Food Standards and Special Projects Division | 15                    | 70  |
| FSA / Emergency Planning, Radiation and Incidents Division         | 1                     | 11  |
| FSA / Enforcement Division   | 1                     | 3   |
| FSA / Imported Food Division                                       | 1                     | 3   |
| FSA / Meat Hygiene and Veterinary Division                         | 9                     | 124   |
| FSA / Novel Foods, Additives & Supplements Division                | 7                     | 14  |
| FSA / Nutrition Division   | 6                     | 14  |
| FSA / Primary Production Division                                  | 10                    | 120   |
| FSA / Transmissible Spongiform Encephalopathies Division           | 1                     | 3   |
| <b>FSA Total</b>   | <b>53</b>             | <b>374</b>  |

*Footnote: Table 2 shows the number of IO/DRs which have been measured as part of the project. In the vast majority of cases each IO has a corresponding DR which is unique: however, in a small number of cases, an IO has more than one DR, each of which has been measured separately.*

Overall, 53 of the Agency's regulations were measured containing 374 IO/DRs.

The policy areas with the largest number of regulations and IO/DRs are Meat Hygiene and Veterinary Division, Primary Production Division and Consumer Choice Food Standards and Special Projects Division. These policy areas also have responsibility for all IO/DRs estimated to each cost the private sector over £1 million per annum.

### 2.2.5 Key linkages with other departments

The FSA has two principal linkages with regulations of other Departments. These are with the Department for Environment, Food and Rural Affairs (Defra) and the Department of Health (DH) in the areas of food safety and food standards, particularly relating to aspects of nutrition and animal health and welfare.

There are no demarcation issues with either Defra or DH with regards to this measurement exercise.

### 2.2.6 Origin of regulations

Table 3 describes the origin of the departmental regulations agreed to be in scope at IO/DR level according to the classification scheme outlined in the SCM Manual. There are three categories described as follows:

- Category A – obligations that are exclusively and completely a consequence of EU rules or other international obligations (i.e. the international rules describe which information businesses have to produce);
- Category B – obligations that are a consequence of EU rules and other international obligations where the purpose has been formulated in the international rules but where implementation has been left to individual Member States (i.e. the international rules do not describe which information businesses have to produce); and

- Category C – obligations that are exclusively a consequence of rules formulated at national level.

Of the Agency's obligations, 354 have been categorised as having an international origin. Only 20 IO/DRs contained within 12 of the Agency's regulations have been categorised as having a domestic origin.

Fuller details of the classification and categories can be found in Section 3.6.

**Table 3: Number of information obligation/data requirements by origin**

|                  |                          | International,<br>no domestic<br>discretion (A) | International,<br>domestic<br>discretion (B) | Domestic<br>(C)     | Total<br>IO/DRs |
|------------------|--------------------------|---|--|---------------------|-----------------|
|                  | Number of<br>regulations | Number of IO/DRs                                | Number of IO/DRs                             | Number of<br>IO/DRs |                 |
| <b>FSA Total</b> | <b>53</b>                | <b>197</b>                                      | <b>157</b>                                   | <b>20</b>           | <b>374</b>      |

*Footnote: The category labelled 'other' defines (where applicable) the balance between the sum of the reporting units listed and the department total*

*Footnote: The table shows the number of IO/DRs which have been measured as part of the project. In the vast majority of cases each IO has a corresponding DR which is unique: however, in a small number of cases, an IO has more than one DR each of which has been measured separately*

## 2.2.7 Description of the characteristics of the regulated organisations

As previously described, the aim of the Agency is to promote food safety and food standards focusing on the interests and protection of consumers. The FSA's regulatory responsibilities, therefore, cover the whole food sector.

The food sector can be defined, as shown in Figure 1 below, as a combination of the agricultural, fishing, manufacturing and distribution of food and drink industries based on the Standard Industrial Classification 2003 definitions<sup>8</sup>:

**Figure 1: Description of the Food Sector**

| I-O group                      | I-O Industry group        | Standard Industrial Classification (2003) |
|--------------------------------|---------------------------|---|
| <b>Agriculture and Fishing</b> |                           |   |
| 1                              | Agriculture               | 01  |
| 3                              | Fishing                   | 05  |
| <b>Manufacturing</b>           |                           |   |
| 8                              | Meat processing           | 15.1                                      |
| 9                              | Fish and fruit processing | 15.2 + 15.3                               |
| 10                             | Oils and fats             | 15.4                                      |
| 11                             | Dairy products            | 15.5                                      |
| 12                             | Grain milling and starch  | 15.6                                      |
| 13                             | Animal feed               | 15.7                                      |
| 14                             | Bread, biscuits etc       | 15.81 + 15.82                             |
| 15                             | Sugar                     | 15.83                                     |
| 16                             | Confectionery             | 15.84                                     |

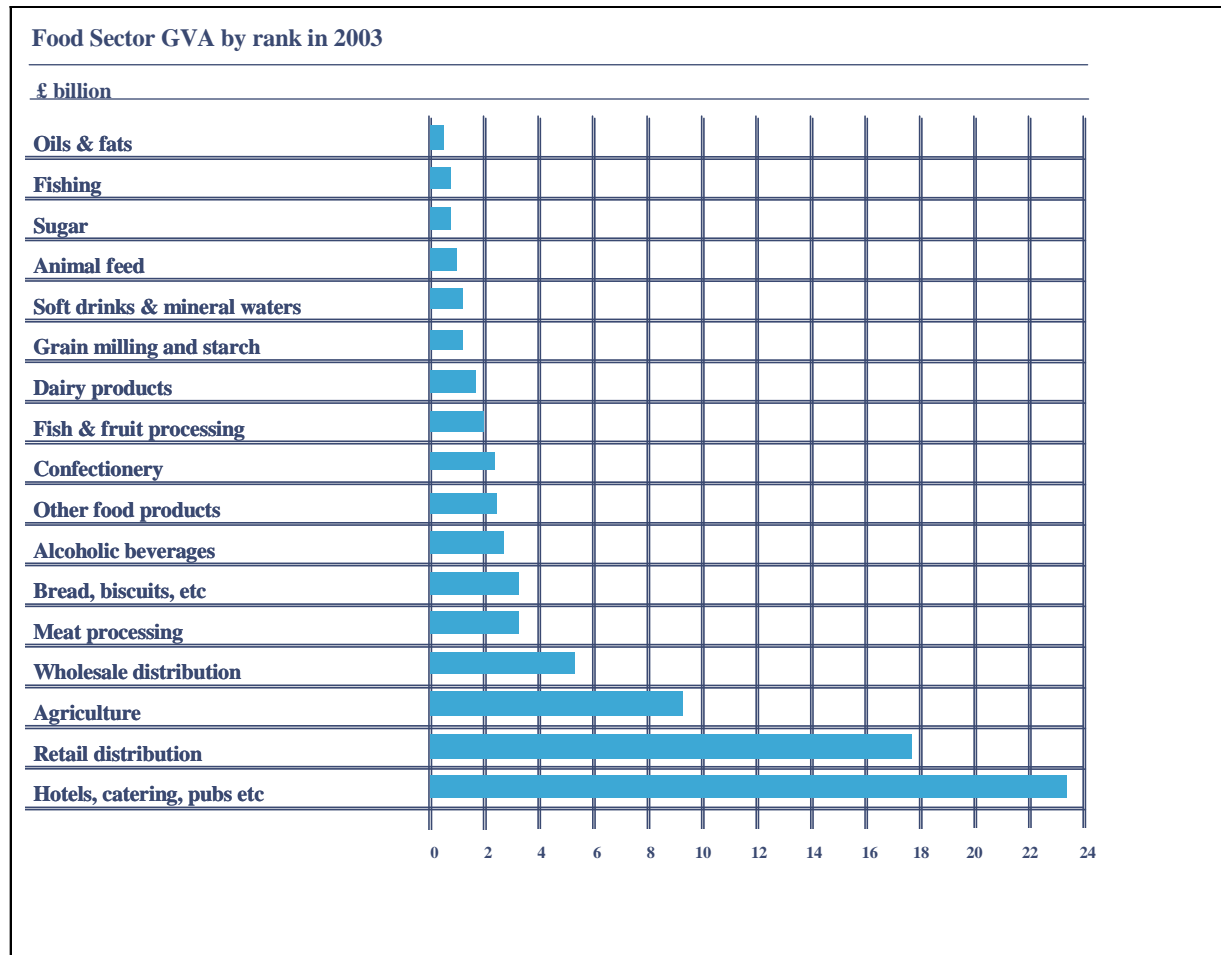
<sup>8</sup> Definition has been taken from the Office for National Statistics paper 'United Kingdom 1992-2003 Input-Output Analyses 2005 Edition' and originally derived from DEFRA. It should be noted that it was not possible to separate all non-food activity, for example, wholesale and retail distribution of tobacco in specialised stores.

| I-O group                        | I-O Industry group             | Standard Industrial Classification (2003) |
|----------------------------------|--------------------------------|---|
| 17                               | Other food products            | 15.85 to 15.89                            |
| 18                               | Alcoholic beverages            | 15.91 to 15.97                            |
| 19                               | Soft drinks and mineral waters | 15.98                                     |
| <b>Distribution and Services</b> |                                |   |
| 90 (part)                        |                                | 51.31 to 51.39 (note 51.35 not separable) |
| 91 (part)                        |                                | 52.11 + 52.21 to 52.25 + 52.27            |
| 92 (part)                        |                                | 55.3 to 55.5                              |

The food sector is an important component of the economy, employing 12.5%<sup>9</sup> of workers and accounting for 7.9%<sup>10</sup> of the UK economy.

Figure 2 below shows the contribution to the Gross Value Added (GVA)<sup>11</sup> for the food sector by industry group. The three industry groups forming the largest contribution in 2003 were hotels, catering and pubs etc, retail distribution and agriculture.

**Figure 2: Food Sector GVA by rank in 2003**



<sup>9</sup> The Strategy for Sustainable farming and Food: Facing the Future, Defra. December 2002

<sup>10</sup> Office for National Statistics paper 'United Kingdom 1992-2003 Input-Output Analyses 2005 Edition

<sup>11</sup> The GVA measures the contribution to the economy of each individual producer, industry or sector in the UK

The diversity of organisations involved in the food sector means it is difficult to define common characteristics of organisations regulated by the FSA. The type and quantity of organisations affected will vary between each regulation and, in some cases, between obligations for a particular regulation.

Some regulations are broad in application and affect a large number of organisations across the food sector. For example, the Food Premises (Registration) Regulations 1991 (as amended) which requires all food businesses to register, which is estimated to affect around 54,000 businesses per annum. Other regulations affect a particular industry group or group of organisations involved in a specialist food area such as the Honey (England) Regulations 2003 (as amended) that covers the labelling of honey products, which is estimated to affect 35,000 businesses per annum and the Food (Control of Irradiation) Regulations 1990 which affects only one business in the UK. Some of the FSA's obligations are highly contingent and apply only to a small subset of organisations potentially in scope when a particular event occurs. For example, notifying the FSA of a particular food being introduced on the market such as L-tryptophan (Food for Particular Nutritional Uses (Addition of Substances for Specific Nutritional Purposes) (England) Regulations 2002) or notifying the Agency of a serious health risk.

## 2.3 Overall approach and methodology

This Section of the report summarises the activities carried out across the project in each of the three main phases of the ABME to apply the SCM:

- Phase 1 – Preparatory analysis;
- Phase 2 – Time and cost data capture and standardisation; and
- Phase 3 – Calculation, data submission and reporting.

A more detailed description of the steps undertaken can be found in the 'Technical Summary' paper accompanying this report.

At the end of the Section, the bespoke project management information system, ABR.net used during the project is described and any methodological variations adopted by the FSA are set out.

### 2.3.1 Phase 1 – Preparatory analysis

Phase 1 primarily involved identifying and agreeing the regulations that affect the private sector and were within the scope of the ABME, breaking down the regulations ('mapping') into their constituent parts, categorisation of the information obligations (IOs) and data requirements (DRs) and broad identification of the sectors affected by each of the IO/DRs.

#### *Identification of regulations in scope*

For the purpose of the ABME, a **regulation** was defined as "a rule with which failure to comply would result in a business coming into conflict with the law or being ineligible for continued funding, grants and other applied for schemes"<sup>12</sup>. In effect, this definition covered all measures with legal force imposed by central government and other schemes operated by central government.

During September 2005, the Agency submitted a list of regulations to be used as the basis of the ABME. Validation and consistency checks were performed by the BRE and PwC to ensure that the list did not include:

- duplications (a regulation appearing on the list more than once);
- truncations (a single entry on the list, e.g. "One Act and 11 Statutory Instruments" when it should appear as 12 individual entries);
- omissions (regulations expected to be in scope and not on the list);

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<sup>12</sup> A full definition of inclusions and exclusions within a regulation is defined in the Standard Cost Manual

- mis-named or inappropriate regulations (e.g. the “Horse-Drawn Omnibus By-Laws”); and
- demarcation issues (regulations where the IO/DRs might fall under the ambit of more than one department).

For most departments the list of regulations in scope was identified by mid-October 2005. A full list of the regulations is provided in the spreadsheets accompanying this report.

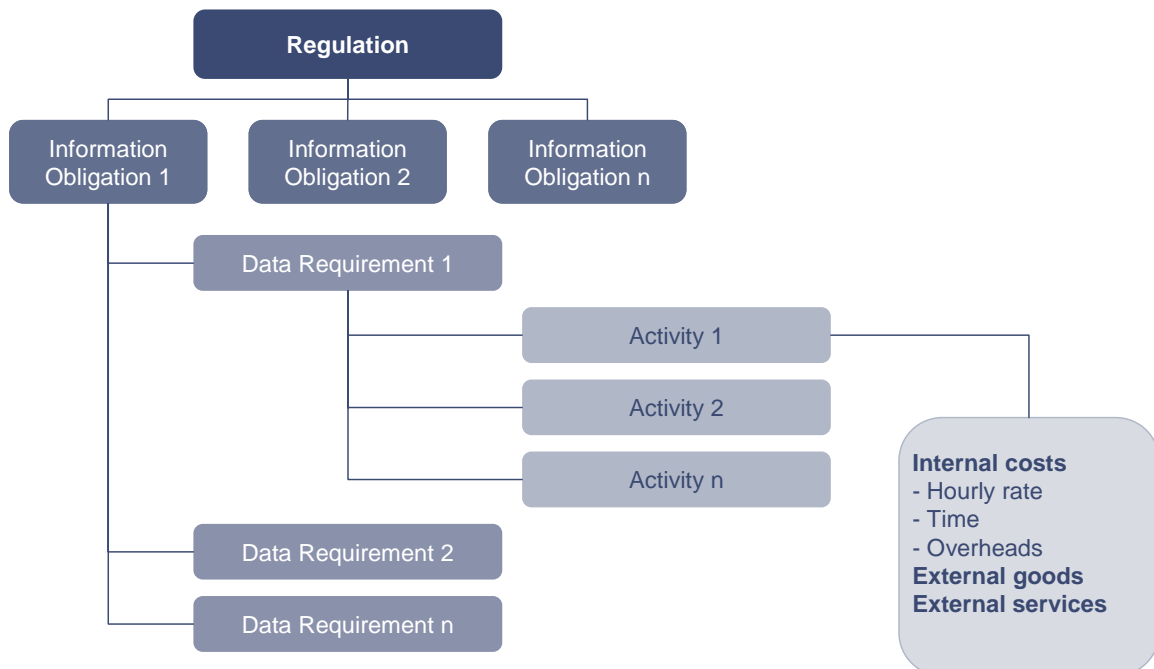
### Mapping the regulations

The SCM provides a way of breaking down a regulation into a range of manageable components the costs of which can be measured. These components are essentially items of information that businesses, as a consequence of regulation, have to provide and submit to organisations typically within the public sector.

Each regulation was broken down (‘mapped’) into IOs and DRs (see Figure 3 below):

- An **information obligation (IO)** is a duty to procure or prepare information and subsequently make it available to a public authority or a third party, as well as a duty to facilitate the collection or preparation of information by others, e.g. by permitting and cooperating with an audit, visit or inspection. It includes regular requirements to read guidance and updated rules, for example rules which are updated annually. An IO does not necessarily require information to be sent to a public authority: it may also be directed towards third parties, such as consumers or employees. Each regulation may contain several IOs.
- Each IO consists of a range of different information or data that a business shall provide in order to be able to comply with the IO – these are the **data requirements (DRs)**. For example, as part of submitting its annual accounts (the IO), a business may need to supply a range of data such as a management report and endorsement or a balance sheet. Each IO may contain several DRs.

Figure 3: Breakdown of a regulation



Two legal firms, Landwell and DLA Piper, undertook the legal mapping process. This involved reviewing the regulations to identify IOs and DRs, and associated ancillary data such as frequency (the number of times that a business delivers an information obligation per year) as required by the SCM. As the legal mapping progressed supplementary guidance was developed to ensure that emerging issues that were not answered by the SCM were dealt with consistently across the project.

As each regulation was mapped and reviewed, the relevant data were input into ABR.net<sup>13</sup>. The PwC mapping team then undertook the process mapping which involved:

- developing 'plain English' descriptions of the IO/DRs identified by the legal team, to be used in the Phase 2 fieldwork;
- identifying the IO type largely based on the predetermined list outlined in the SCM:
  - 1 *Returns and reports* – e.g. details of pupil admissions to independent schools;
  - 2 *Applications for permission for or exemption from* – predominantly applications for licences e.g. to sell spirits;
  - 3 *Applications for authorisation* – to carry out certain activities e.g. authorisation as a sewer contractor;
  - 4 *Notification of activities* – e.g. notification to the local authority of the transportation of a dangerous cargo;
  - 5 *Entry in a register* – e.g. application for entry in the register of trademarks;
  - 6 *Carrying out inspections* – the business itself carrying out inspections of machinery and equipment that can represent a risk to health or the environment, or monitoring the conditions for employees;
  - 7 *Applications for subsidies or grants* – e.g. a subsidy for job training;
  - 8 *Keeping commercial emergency plans and programmes updated, etc.* – including manuals and emergency plans;
  - 9 *Cooperating with audits/inspections* – informing and assisting inspectors who carry out inspections of and auditing work for a business, or who visit a business in connection with enforcement of a regulation;
  - 10 *Statutory labelling for third parties* – including labelling products or installations with consumer information, e.g. energy labelling of domestic appliances;
  - 11 *Providing statutory information for third parties* – e.g. a financial prospectus to accompany investment products;
  - 12 *Framing complaints and appeals* – submitting complaints about and (possibly later) appealing against a decision made by the authorities;
  - 13 *Keeping records* e.g. records of accidents incurred by staff in the workplace;
  - 14 *Carrying documentation* e.g. cattle passports during transportation of herds;
  - 15 *Agreeing contracts*; and
  - 16 *Requesting information.*

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<sup>13</sup> A bespoke project management information system used as a repository of all data used in the ABME. See fuller description in S2.3.4

- grouping the DRs into logical groups suitable for interviews with businesses (see 'Implementation issues arising during Phase 1' below) – this created merged descriptions of an IO with some or all of its constituent DRs (termed IO/DR);
- categorising the IO/DR content, for example as accounting data or personnel data;
- identifying the Standard Industry Classification 2003 (SIC) codes that describe the sector(s) affected by the IO/DR to assist in the identification of suitable businesses to interview in Phase 2; and
- defining the type of person likely to be responsible for complying with the IO/DR (e.g. Managing Director, Head teacher, Farmer): this information was used by the fieldwork team when contacting interviewees in Phase 2.

Departments initially provided information about the origin of each of the regulations on their lists (i.e. EU, international or domestic). It was subsequently determined, in discussion with the BRE, that it would be more appropriate to specify origin at IO/DR level. This analysis was carried out by a team at BRE and later validated with Departments during the process of agreeing datasets with PwC at the end of Phase 2.

Once the legal mapping was complete, the departments reviewed the regulations to validate that relevant IO/DRs had been properly identified.

### ***Preparation for fieldwork***

During Phase 1, the telephone and face-to-face questionnaires to be used in Phase 2 were constructed, programming was undertaken for the call centre systems and other data collection materials (e.g. Expert Panel facilitation procedures) were prepared. The interview guides, which were designed to ensure uniform and consistent data collection, were tested during pilot interviews to ensure suitable results and structured to allow interviewees to answer the questions as fully as possible.

As part of the survey preparation, PwC's International Survey Unit (ISU) built a sample database with the functionality to allow storage of contact details, unique allocation of sample to interview bundles and tracking of contact details through the system. The database was populated with information (name, address, telephone number) drawn from the Inter Departmental Business Register (IDBR), oneSource, Dunn and Bradstreet and Sample Answers. All data were cleaned to ensure that all records were unique.

Departments submitted requests, clearly articulating the rationale, for 'non-standard' segmentation where alternatives to the standard segments were required (for example, small/micro/medium/large business size<sup>14</sup>). Appropriate non-standard segmentation was agreed where there was a prior reason for expecting significant differences in unit costs between different types of organisation. Only a small number of cases for specific segmentation were put forward by departments by the end of Phase 1.

In addition, departments were asked to provide details of the extent to which the use of forms underpinned each IO/DR and whether e-government solutions were available and how extensively they were used with the intention of being able to understand how the estimated administrative costs varied. In the event, only limited data were available systematically across departments and this has restricted the basis for analysis.

### ***Allocation of data collection method***

An algorithm was developed which provided the initial basis for determining the data collection method to be used to collect cost data for each IO/DR in Phase 2. The approach involved three stages:

- identification of priority items to be measured through the use of Expert Panels (particularly complex or unusual IO/DRs (i.e. infrequent) and/or where the population of organisations is small);
- identification of items to be measured by telephone or face-to-face interviews; and

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<sup>14</sup> The size bands used are those defined by the Small Business Service

- re-assignment of IO/DRs to different methods to bring the proportions measured through each method in line with BRE requirements.

### **Implementation issues arising during Phase 1**

Three key issues arose during Phase 1 that impacted on the planned approach:

- queries regarding the interpretation of IO/DRs arose during the legal mapping: these were largely resolved through the cleansing of the list of regulations and the validation process;
- the piloting of the draft telephone questionnaire clearly indicated that respondents generally found it easier to understand and provide information about their administrative activities in relation to IOs rather than DRs: this highlighted the importance of adopting a business centric approach to data collection during Phase 2 (i.e. one which reflected the business processes involved) and this reinforced the need to define IO/DRs which reflected the organisation of business processes<sup>15</sup>; and
- the piloting of the draft telephone questionnaire also identified that the number of questions needed to be restricted in order to retain the engagement and willingness to participate of interviewees: as a result, the 16 administrative activities identified within the SCM were grouped into seven sets of activities which enabled the interviews to be undertaken within the required timescale.

### **2.3.2 Phase 2 – Time and cost data capture and standardisation**

Phase 2 of the project was concerned with collecting the data needed to calculate the total administrative costs which result from the regulations within the scope of the current exercise. There were three streams of activities during Phase 2:

- collection of unit cost data;
- completion of the identification, or estimation, of 'quantity'; and
- validation of the standard cost and quantity data.

#### **The collection of unit cost data**

Application of the SCM involves applying activity based costing to determine the internal and external costs incurred by a 'normally efficient business' within the private sector as they fulfil each IO/DR<sup>16</sup>. This requires a series of calculations to be performed to establish the overall administrative costs for each IO/DR:

|                          |   |
|--------------------------|---|
| Administrative costs (£) | = Internal costs (£) + External costs (£)                   |
| Internal costs           | = Price (£) x Quantity                                      |
|                          | = (Wage rate (£) x Time (hours)) x (Population x Frequency) |
| External costs           | = External services (£) + External goods (£)                |
| External services        | = Wage rate (£) x Time (hours)                              |

Data on the time and external costs involved in meeting IO/DRs were collected as the basis for estimating unit costs using three different methods, the first two of which seek the views of business stakeholders:

- Business interviews by telephone and face-to-face;
- Expert Panels; and
- Assessment.

<sup>15</sup> This is also consistent with the experience of applying the SCM in the Netherlands

<sup>16</sup> See paragraph on the validation of standard cost and quantity data for an explanation of how this principle has been applied.

### *1. Business interviews*

These were telephone and face-to-face interviews with individuals from organisations in the private, voluntary or charity sectors with direct experience of fulfilling each IO/DR. Interview guides were followed to ensure uniform data collection.

Telephone interview content passed through two phases of review:

- a preparation phase where content unsuitable for telephone interviewing was weeded out and consequently passed to another measurement route. In addition, checks were made on population size and sample availability. Again, where these were inadequate, IO/DRs were passed to another measurement route; and
- an in-field review phase during which areas not achieving interviews were reviewed and corrected as appropriate or were re-routed to other measurement routes.

Both review phases had the effect of reducing the number of IO/DRs which passed through telephone interviewing although further allocation of IO/DRs and recycling through the telephone interview process boosted the total number of interviews actually achieved.

A number of initial challenges with face-to-face interviewing required practical solutions to allow the methodology to progress:

- the inclusion of highly conditional IO/DRs meant that potential interviewees were often unable to cover all the IO/DRs scheduled to be covered by the interview. Consequently conditional content was removed from the face-to-face interviewing route; and
- the time required to complete face-to-face interviews covering 6 IO/DRs often proved too great with the result that content was reduced to 4 IO/DRs per interview.

Despite these adjustments, the number of face-to-face interviews completed fell far short of initial projections.

In the final weeks of the project, PwC conducted additional fieldwork to gain greater business input for certain IO/DRs. The results of this work were captured as face-to-face activity as the interviews were conducted following the face-to-face process rather than the scripted telephone survey although the interview itself was often carried out over the telephone (as distinct from the 'main' telephone interview process conducted by the International Survey Unit).

### *2. Expert Panels*

Expert Panels were focus group sessions which brought together experts from both the private and public sector, generally with experience of providing and/or receiving the information associated with fulfilling different IO/DRs. Each Expert Panel typically involved an average of more than two private-sector experts and at least one public servant. In some cases, however, panels proceeded with fewer than two private sector experts and, occasionally, with no public servant present.

Virtual Expert Panels were conducted later in the project by telephone or by e-mail and differed from Expert Panels in that only private sector experts were consulted.

### *3. Assessment*

Assessment was originally envisaged as a means of estimating costs in a limited number of cases where cost data proved difficult to obtain from business. In the circumstances, and as noted above, the business interviews highlighted a significant proportion of cases where there were obstacles to implementing the original approach successfully and efficiently. These arose at two stages: preparing for and undertaking the business interviews. As a result, the use of Assessment was extended in agreement with the BRE and the Project Board as a pragmatic adaptation of the original implementation plan in order to ensure that all IO/DRs were covered earlier in the process of fieldwork. Consequently this meant that more IO/DRs were measured by Assessment than originally envisaged.

Assessment involved the estimation of the time and external costs involved in meeting IO/DRs by PwC staff familiar with the SCM methodology. The estimates were based on an analysis of the IO/DRs, the forms required to fulfil the IO/DRs (where available and appropriate) and the identification of administrative activities. Each Assessment was subject to review where the amount of time required exceeded 3 hours (equivalent to about £50), external goods and services were required and/or the population affected by the IO/DR was expected to be significant (over 50,000). In these instances, the Assessments were reviewed wherever possible by external business experts, PwC industry experts and/or departmental policy officials.

It is important to note, however, that Assessment has been used for those IO/DRs where:

- Difficulties have been encountered with IO/DRs in the preparatory stage of business interviews, for example, because of difficulties defining/identifying the affected organisations and limited numbers of potential interviewees;
- There were ongoing difficulties in achieving interviews for IO/DRs despite making numerous calls to potential interviewees; and
- IO/DRs have been on the agenda for an Expert Panel but have not been covered, for example because none of the experts was comfortable providing the required data.

In practice, Assessment has largely been used for IO/DRs that are low cost and/or affect a small population. The proportion of the administrative cost accounted for by measurements done by Assessment for the FSA is around 8%.

#### ***Approach to estimating quantity (population)***

The second element in the estimation of total administrative costs was the identification of quantity. Quantity is defined as either the number of businesses impacted by the regulation multiplied by the annual frequency of the activity undertaken to comply with the IO/DR or the annual number of transactions. During the ABME, PwC has worked with departments to identify the quantity per IO/DR. In many cases, it has been necessary to make estimates.

The process used to collect and/or estimate quantity involved:

- Definition of an appropriate information metric for each IO/DR which described the quantity to be identified (i.e. the 'number of...'). These fell into three categories:
  - sector-based e.g. number of companies of a certain type, number of people of a specified profession, number of entities;
  - third parties e.g. number of customers, number of pupils, number of employees; and
  - number of transactions e.g. number of licences, number of applications, number of products sold, number of requests for information, number of inspections.
- Existing quantity/population information provided by departments, statistical information sources from departmental/enforcement agency websites, ONS or other publicly available information were reviewed by PwC to identify available population/quantity data: the collection of readily available information sources with the required information from departments, such as annual reports or internal data sets.
- Relevant SIC (Standard Industry Classification) code data was used for sector based quantities where possible, although in practice, a large proportion of the IO/DRs were found to apply across sectors, or to groups of organisations that do not correspond to SIC codes, or have qualifying criteria attached to them which meant that SIC codes were insufficient (alone) to define population.
- The remaining information metrics were then provided to departments for the data to be identified; where necessary, an estimate of quantity based on banding was used.

- Departments checked and completed the quantity data in order to ensure that all IO/DRs contained either actual quantity data or an informed estimate.

The work to gather quantity data highlighted extensive gaps in knowledge about the number of organisations that are affected by an IO/DR, the frequency with which they are affected, the extent of non-compliance and the use of e-government solutions. As a result, many of the numbers used in the ABME are based on departmental estimates. The process involved a huge effort on the part of the departments with input from many policy officials and personnel in related agencies.

### ***The validation of standard cost and quantity data***

The consistency of the standard cost and quantity data generated was examined and assessed on a continuing basis in agreement with departments.

In order to ensure the credibility of the cost measures overall and, specifically, to maximise the likelihood that the standard costs would generally reflect those of a 'normally efficient business', there was a presumption that:

- the cost estimates would be derived through direct engagement with business, charities and the voluntary sector;
- efforts to achieve the appropriate cost measurements would be focused on those IO/DRs which were expected to be the most costly; and
- any outlying cost measurements would be removed from the estimation process.

Subsequently, three complementary methods were used to validate the estimated standard costs:

- The data underwent a continuous quality assurance process: since the bulk of the administrative costs were found to be concentrated in relatively few IO/DRs, this process focused on those measurements which affect the IO/DRs with the largest total costs, unit costs or quantities. The aim of the process was to identify and address those quantities or costs that appear potentially anomalous.
- The unit cost estimates were subject to an agreed set of standardisation tests intended to identify any measures that should be excluded because they do not reflect the normally efficient business. This process involved analysing the evidence collected during fieldwork iteratively at two levels:
  - comparison between at least two (and possibly three) business measures gathered for any individual IO/DR; and
  - comparison between IO/DRs with similar characteristics (e.g. the same IO type, linked to the same regulations, or involving provision of similar data).
- Departments were provided with sets of draft results and given the opportunity to raise challenges against them on various grounds, such as the use of Assessment, the appropriateness of the quantity used and the consistency of the fieldwork based measures.

Together, the three validation processes highlighted a number of issues:

- The need for non-standard segmentation: in some cases, the initial calculations highlighted the importance of ensuring that the measurements used reflect differences in unit costs between different segments of the affected population.
- The treatment of external costs: many of the highest costs were found to be driven by large external costs. As a result, the most important external costs were reviewed to ensure that they were both in scope and included in the calculation on an appropriate basis. In some cases, this required software and capital costs to be amortised. In other cases, it required costs to be excluded from the calculation altogether because they were out of scope.

- Inconsistencies between the measurement of quantity and the basis of the cost estimate: in some cases, the quantity and cost estimates were not consistent with one another (e.g. per transaction vs. per year) in which case either the quantities were adjusted or new measurements obtained.
- Allocation of costs to IO/DRs: in a number of cases the costs of meeting different but closely related IO/DRs were double-counted (this was sometimes due to the structure of the regulations and their consequent mapping into IO/DRs). In many of these cases new measurements were obtained or the mapping of the IO/DRs refined.
- Duplication of the IO/DRs: whilst reviewing the draft results, departments identified instances where IO/DRs were covered more than once in the calculations. In these instances, the mapping of the IO/DRs was amended.

### ***Implementation issues arising during Phase 2***

Three key issues arose during Phase 2 that impacted on the planned approach:

- It proved difficult to achieve measurement data through business interviews and Expert Panels across all the IO/DRs identified during the mapping: this was largely resolved by extending the use of Assessment, especially as it related to those IO/DRs which were expected to give rise to relatively small costs, to ensure that all IO/DRs were effectively covered.
- Fewer population and frequency data were readily available from departments than had been anticipated: as a result, an agreed approach to estimating the missing data was developed and implemented in conjunction with departments.
- Fewer measurements of the administrative cost of particular IO/DRs were collected than envisaged within the SCM: as a consequence, the methods used to establish whether or not the standard cost estimates were those of a 'normally efficient business' were extended to include manual review as well as statistically based analysis.

### **2.3.3 Phase 3 – Calculation, data submission and reporting**

Phase 3 of the project focused on processing the data collected in Phases 1 and 2 and the production of reports on the administrative costs imposed by the Agency's regulations on business.

#### ***Computation***

In order to calculate the internal costs associated with meeting particular IO/DRs, a value was assigned to the time spent by different types of staff (including volunteers) working within the private sector based on data from the Annual Survey of Hours and Earnings (ASHE) collected by the Office of National Statistics. A common framework was used to categorise the different occupational types (identified in Phase 2 through data collection) involved in performing the activities, and a standard value of time was derived for each of the categories based on the median hourly wage rate (excluding overtime) across the United Kingdom in 2005. Further details of this process are provided in the Technical Summary document provided as an annex to this report.

The estimates of administrative costs were then generated using the validated data held on ABR.net to identify unit and total costs per regulation and IO/DRs.

Several iterations of the data set were produced during Phase 2 and provided to departments.

#### ***Interpretation of cost data***

The estimates of administrative costs included in this report are based on the application of the SCM which is designed to produce consistent estimates and so enable measurements to be compared and targets for reductions to be set across government. The SCM relies on deriving estimates of the standard cost of meeting each IO/DR within a regulation for a 'normally efficient business'. Given the need to manage the overall costs of data collection while providing information about a very large number of IO/DRs, the SCM relies on the input of a limited number of experts and/or businesses. As such, it does not produce a statistically representative measurement of costs: instead, it is a pragmatic approach to

measurement that gives an indicative estimate of the magnitude of costs which provide a starting point for setting reduction targets and highlighting the areas to focus upon.

In interpreting the cost estimates, it is important to recognise the implications of the three processes which have been applied to ensure that the cost estimates reflect those which are expected to be incurred by a 'normally efficient business'. Nevertheless, despite these processes, the nature of the SCM means that the cost estimates will inevitably be subject to significant margins of error, especially where they are based on small numbers of individual measurements. These concerns are likely to be most significant where:

- the number of external measurements which underpin the cost estimates is small;
- Assessment has been used without any external review, rather than stakeholder driven estimates, to determine the standard cost;
- unit costs vary significantly in practice between different segments, but the need for segmentation has not been identified by the department; and
- the activities which drive the costs are closely linked to those required to meet other, related or similar IO/DRs in which case there is the potential for double counting of costs.

Finally, in interpreting the results of the application of the SCM, it is important to recognise that the SCM provides an estimate of administrative costs, of which administrative burdens are a part. The costs of some activities that business, charities and the voluntary sector would carry out regardless of regulatory requirements (business as usual costs) may be included. Equally some costs that may be regarded as associated with the underlying policy aim rather than being purely administrative may be included. Conversely, the costs of other administrative tasks, for example requirements that come from case law, are not included as they do not fit the SCM framework which is based on information obligations arising out of regulations. Looking forward, if the Government is to ensure that effort is focused on areas that business will feel the most benefit from, it will need to consider how to take into account business as usual costs in setting targets based on the estimates generated using the SCM.

### ***Preparation of final reports***

Following sign-off of the data by departments, PwC prepared departmental reports for approval by the departments and BRE.

The Phase 3 reports present the results of the ABME and give a detailed account of the method used and primary analysis of the data for each department.

### ***Implementation issues arising during Phase 3***

One key issue arose during Phase 3 that impacted on the planned approach. This related to the availability of robust and reliable data upon which to base an analysis of the estimated administrative costs by organisation size over and above that implied by the specific segmentation defined with departments. Such an analysis depended on being able to determine:

- how the unit cost of meeting each IO/DR varies by organisation size; and
- the number of times organisations of different size are required to fulfil an IO/DR each year.

The available evidence is, however, limited for two reasons:

- the nature of the SCM means that only a very limited number of measurements of unit costs have been collected for each IO/DR with the result that, except in the very few instances where segmentation was applied on the basis of organisation size and additional measures collected, there is no reliable empirical basis for determining any variations in unit costs by organisation size: the SCM effectively deals with this issue by determining a single average unit cost across all organisations; and

- departments' knowledge of the number of organisations impacted by an IO/DR is limited and their knowledge of the size distribution of organisations is even more limited, especially where there is an element of contingency involved in the IO/DR and/or the affected sectors are difficult to define: this means that critical assumptions would need to be made to bridge the gap in order to derive even indicative estimates of the administrative cost breakdown by organisation size.

In conclusion, therefore, the limitations of the available data mean that the results of any attempt to allocate costs by organisation size across all of the IO/DRs, not just those where segmentation has been implemented, would need to be interpreted with very great caution since it is evident that they are critically dependent on the assumptions that are made. For this reason, no such analysis is presented in the report although, for those departments where segmentation has been applied, these results are discussed separately.

#### **2.3.4 The data repository**

A bespoke project management information system, ABR.net, was used as the repository of all the data used in this project. Areas of functionality of the system were developed as the project progressed and included:

- input interface/tool for mapping of regulations into IOs and DRs, for categorisation of IOs and DRs.
- input of quantity and cost data.
- processing of IO/DRs through an algorithm for allocation to the most appropriate fieldwork methodology.
- administration of face-to-face interview and expert panels – allowing dates, locations and responsibility to be assigned to specific fieldworkers.
- capture and management of cost and quantity data.
- reporting of progress with mapping, validation and input of results.
- interface with the International Survey Unit for transmission of IO/DRs data allocated to telephone and face-to-face interviews and receipt of telephone interview results and business interview recruitment results (for face-to-face interviews).

#### **2.3.5 Implementation variations by department**

For the FSA the following variations in the planned approach are noted:

##### **Identifying and ensuring the integrity of the quantity data**

The exercise in gathering quantity/population data highlighted extensive gaps in knowledge about the number of organisations that are affected by regulations or individual IO/DRs. As a result, many of the numbers used in the ABME are based on estimates made by PwC or the FSA. Where policy officials were not comfortable providing an estimate, a 'banding' or 'range' was applied by PwC and discussed with policy officials.

##### **Non-standard segmentation**

Non-standard segmentation was used in respect of one FSA regulation - Regulation (EC) No. 178/2002 of the European Parliament and of the Council. It was also agreed that non-standard segmentation should be applied to two IO/DRs<sup>17</sup> which cover the traceability of supplies made to and from businesses. This ensures that the administrative cost reflects differences in unit costs between different sectors rather than different size businesses.

The four non-standard segments used were:

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<sup>17</sup> IOs with the ID Reference: 43241 and 43244

- 1 Farmers/fishermen;
- 2 Food Processors;
- 3 Wholesalers/retailers; and
- 4 Caterers.

Interviews were carried out with businesses and trade associations across these four sectors.

#### **Allocation of cost data**

In some cases businesses provided a single cost data estimate that covered more than one IO/DR, largely because it was difficult for the respondent to disaggregate the cost to a more granular level. In these cases, the cost was allocated against one of the IO/DRs only and the connected IO/DR was marked as zero to avoid double counting of cost.

For example, for Quick-frozen Foodstuffs Regulations 1990, two IO/DRs were treated as one for measurement purposes as they were so closely linked; one IO/DR relating to the recording information and another IO/DR relating to the provision of information and records for inspection purposes.

At the Expert Panel used to measure the administrative costs for Food Labelling Regulations 1996, the approach taken by the participants was to include the costs associated with 'familiarisation' of the legislation against one IO/DR rather than attempting to split out the costs against 29 IO/DRs.

# 3 Administrative costs on business

## 3.1 Introduction

This part of the report contains the main results from the ABME for the FSA and consists of:

- an overview of the total administrative costs on business;
- an analysis of the most costly regulations;
- a breakdown of administrative costs by IO/DR type and by administrative activity;
- an analysis of the administrative costs broken down between obligations to third parties and non-third parties and between internal time costs (including overheads) and external purchases of goods and services;
- administrative costs by origin of regulation;
- a discussion of the significance of the distinction between administrative cost and administrative burden; and
- a discussion of the other, qualitative findings to emerge from the fieldwork.

## 3.2 Overview

The total administrative cost of the 53 regulations measured, calculated according to the SCM, has been estimated to be £128.1 million.

**Table 4: Administrative costs – overview**

|                  | Total administrative costs |                       |
|------------------|----------------------------|-----------------------|
|                  | £ (million)                | % of department total |
| <b>FSA Total</b> | <b>£128.1</b>              | <b>100%</b>           |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

Of the 374 IO/DRs measured:

- 11 IO/DRs have costs of over £2 million and together account for an estimated £84 million (66%) of the FSA's total administrative costs; and
- 15 IO/DRs have costs of over £1 million (but less than £2 million), accounting for an estimated £21 million (17%) of the FSA's total administrative costs.

Of the remainder:

- 284 IO/DRs have a total administrative cost of less than £50,000; and
- 41 IO/DRs have zero population.

### 3.3 Most costly regulations

This section provides an overview of the high cost regulations.

For the FSA as a whole, Figure 4 shows the cumulative distribution of the estimated administrative cost by IO/DR. It shows that 70% of the estimated administrative cost arises from the 14 most costly IO/DRs but only 2% of the estimated administrative cost is derived from the 300 least costly IO/DRs.

**Figure 4: Cumulative Distribution of Estimated Administrative Cost**

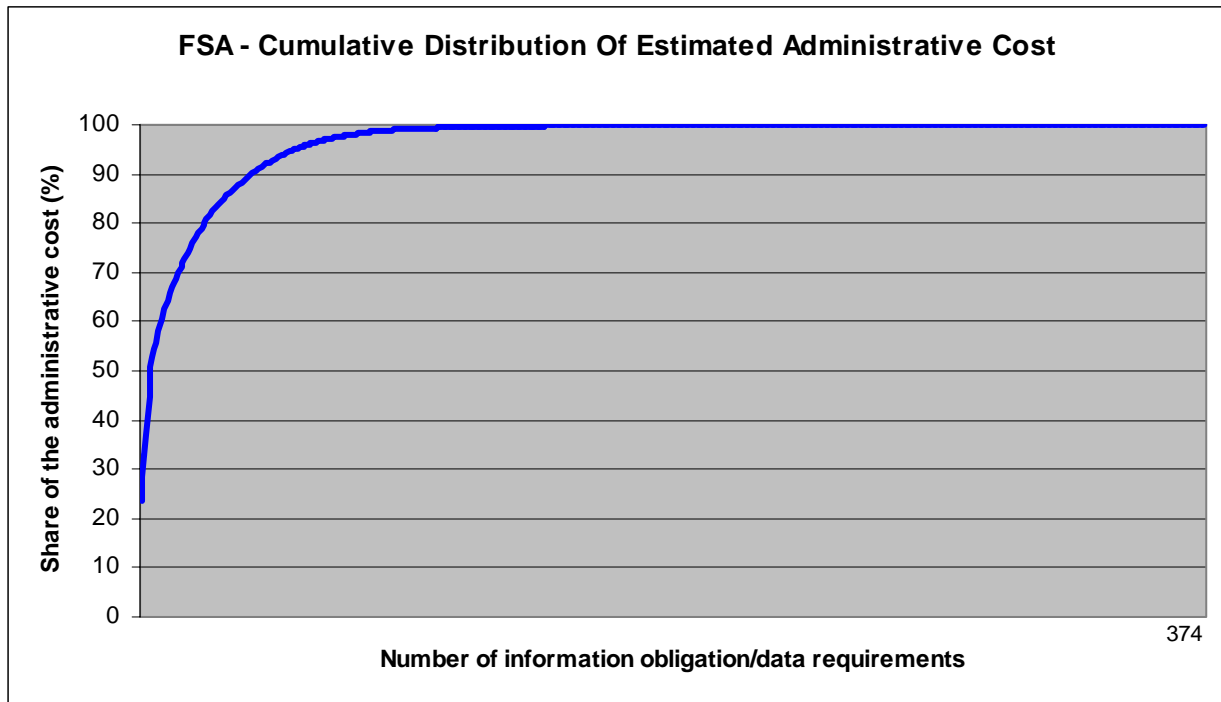
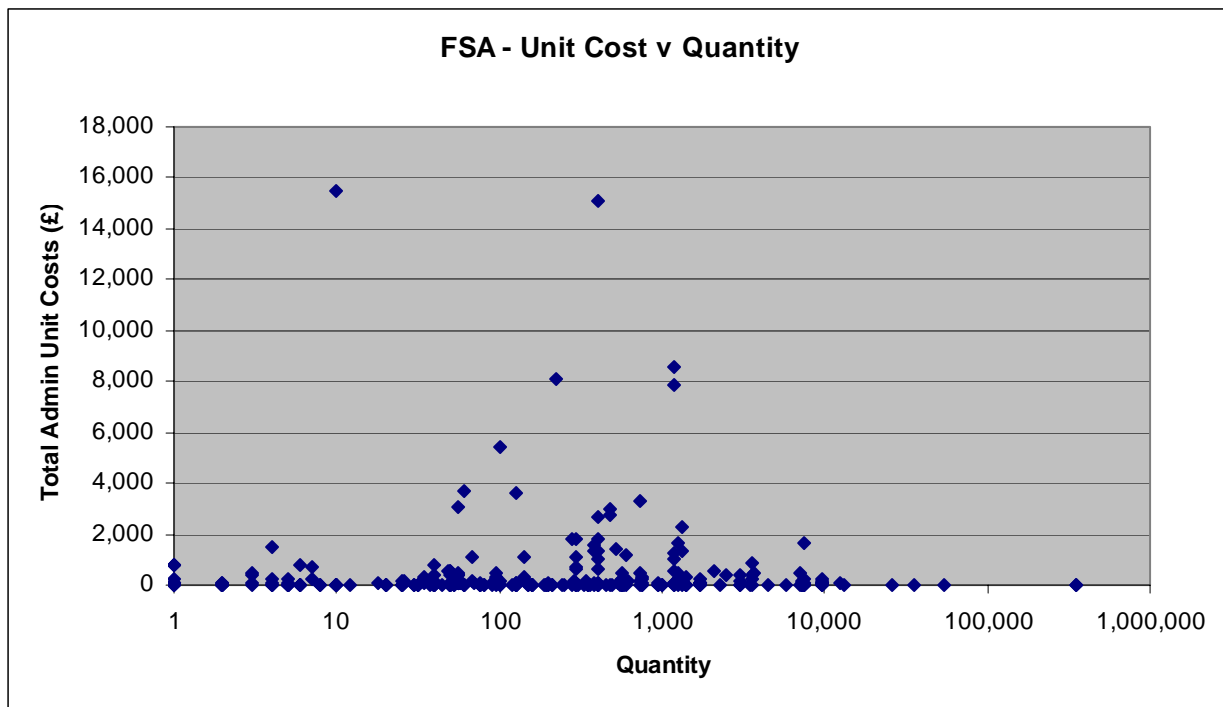


Figure 5 below, also for the Agency as a whole, shows the distribution of the unit cost and quantity associated with each IO/DR. It shows that:

- There are a few outlying IO/DRs with significant estimated unit costs of over £2,000;
- There are a few outlying IO/DRs with high estimated quantities, between 10,000 and 350,000;
- The majority of IO/DRs have low unit costs and relatively low quantities. 71% of IO/DRs have an estimated unit cost of less than £100. 86% of IO/DRs have a quantity ranging between 0 and 5,000.

**Figure 5: Unit Cost v Quantity**



Seven regulations were estimated to account for £109 million (85%) of the FSA's total administrative cost.

Table 5 sets out these seven regulations by total administrative costs. Table 6 provides an indication of the range of administrative costs by IO/DR within the same regulations.

**Table 5: Top 7 regulations by total administrative costs**

| Regulation   | Total administrative cost |                       |
|--|---------------------------|-----------------------|
|  | £ (million)               | % of department total |
| Regulation (EC) No. 178/2002 of the European Parliament and of the Council | £30.2                     | 24%                   |
| Dairy Products (Hygiene) Regulations 1995 <sup>18</sup>                    | £24.0                     | 19%                   |
| Fresh Meat (Hygiene and Inspection) Regulations 1995 <sup>18</sup>         | £15.1                     | 12%                   |
| Meat Products (England) Regulations 2003                                   | £12.1                     | 9%                    |
| Meat Products (Hygiene) Regulations 1994 <sup>18</sup>                     | £10.9                     | 8%                    |
| Feeding Stuffs Regulations 2000  | £9.5                      | 7%                    |
| Food Labelling Regulations 1996  | £7.2                      | 6%                    |
| <b>Top 7 Total</b>   | <b>£109.1</b>             | <b>85%</b>            |
| <b>FSA Total</b>   | <b>£128.1</b>             | <b>100%</b>           |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

<sup>18</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

**Table 6: The distribution of administrative cost by IO/DRs within the top 7 regulations**

| Regulation<br>Reporting unit   | Total administrative<br>cost by regulation<br>£ (million) | Distribution of administrative cost £<br>(‘000) |                      |                       | Number of<br>IO/DRs |
|--|---|---|----------------------|-----------------------|---------------------|
|  |   | Minimum<br>cost IO/DR                           | Median cost<br>IO/DR | Maximum<br>cost IO/DR |                     |
| Regulation (EC) No. 178/2002<br>of the European Parliament<br>and of the Council | £30.2   | £0  | £1                   | £30,175               | 11                  |
| Dairy Products (Hygiene)<br>Regulations 1995 <sup>19</sup>                       | £24.0   | £0  | £68                  | £10,104               | 25                  |
| Fresh Meat (Hygiene and<br>Inspection) Regulations 1995 <sup>19</sup>            | £15.1   | £0  | £76                  | £2,980                | 32                  |
| Meat Products (England)<br>Regulations 2003                                      | £12.1   | £12,129   | £12,129              | £12,129               | 1                   |
| Meat Products (Hygiene)<br>Regulations 1994 <sup>19</sup>                        | £10.9   | £0  | £8                   | £2,453                | 21                  |
| Feeding Stuffs Regulations<br>2000   | £9.5  | £0  | £35                  | £6,110                | 16                  |
| Food Labelling Regulations<br>1996   | £7.2  | £0  | £0                   | £3,227                | 29                  |
| Top 7 regulations  | £109.1  | £0  | £20                  | £30,175               | 135                 |
| <b>FSA Total</b>   | <b>£128.1</b>   | <b>£0</b>                                       | <b>£3</b>            | <b>£30,175</b>        | <b>374</b>          |

Footnote: The minimum cost IO/DR is derived after excluding all those IO/DRs defined within Phase 1 where the administrative costs have been measured as part of a group of related IO/DRs.

Footnote: The median is the 'middle value' in a list or series of numbers. When the totals of the list are odd, the median is the middle entry in the list after sorting the list into increasing order. When the totals of the list are even, the median is equal to the sum of the two middle (after sorting the list into increasing order) numbers divided by two.

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

A brief explanation follows of the seven high cost regulations which make up 85% of the administrative costs for the FSA:

#### **Regulation (EC) No. 178/2002 of the European Parliament and of the Council: £30.2 million (24% of total administrative cost)**

Regulation (EC) No. 178/2002 of the European Parliament and of the Council was estimated to be the most costly regulation for the FSA. The regulation contains 11 IO/DRs, two of which, relating to the keeping of traceability records, are responsible for driving the high cost.

This regulation came into force in January 2005 and requires all food and feed businesses to be able to identify the suppliers of food, feed, food-producing animals and ingredients to their business and the businesses to which their products have been sold. The cost is driven by a large population figure as the regulation affects all businesses across the food sector. While interviews with business seemed to suggest that current regulatory requirements are not overly burdensome, concern was expressed over the cost implications of EC guidance, which in effect 'gold-plates' the regulation. The FSA is in the process of consulting business on this issue.

<sup>19</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

All of the IO/DRs in this regulation have been categorised as 'A - international, no domestic discretion'. This suggests that the Agency has limited influence in the short term although the UK would support simplification at an EU level.

#### **Dairy Products (Hygiene) Regulations 1995: £24 million (19% of total administrative cost)**

This is estimated to be the second highest cost regulation. Dairy Products (Hygiene) Regulations 1995 along with Fresh Meat (Hygiene and Inspection) Regulations 1995 and Meat Products (Hygiene) Regulations 1994 (also in the 'top seven') have been revoked and replaced by new EU food hygiene regulations, which came into force on 1 January 2006. The new EU food hygiene regulations<sup>20</sup> effectively consolidate 17 existing EU measures in the food hygiene area into just two.

The regulation contains 25 IO/DRs. The high cost is due to two obligations, relating to the keeping of records and provision of information, which are third and fourth highest when ranked by total administrative cost with all other obligations for the FSA. They have a high unit cost relative to other obligations, driven by the amount of internal time and external costs incurred by businesses in carrying out these activities.

The majority of IO/DRs in this regulation have been categorised as 'B - International, domestic discretion' - this includes the two high cost obligations. The remainder are categorised as 'A - International, no domestic discretion'.

#### **Fresh Meat (Hygiene and Inspection) Regulations 1995: £15.1 million (12% of total administrative cost)**

This is estimated to be the third highest cost regulation. The regulation contains 32 IO/DRs. Six of the IO/DRs have costs over £1 million, and all include some form of external cost. This regulation also includes the highest cost obligation when ranked in order of total administrative unit cost. This related to the making of a written application to the FSA for a licence to carry out the business of a re-packing centre for fresh meats. The high unit cost was driven by the number of hours involved in preparing the application and external services used. Only one IO/DR had a relatively high quantity figure. This related to an obligation on business to ensure that every person involved in slaughtering animals or dealing with fresh meat has obtained a medical certificate. It was estimated that this involves around 12,400 employees per annum.

The majority of costs were attributed to record keeping, cooperation with audits/inspections and applications for permission/exemption.

Most of the IO/DRs in this regulation have been categorised as 'B - International, domestic discretion' with around one third categorised as 'A - International, no domestic discretion'.

#### **Meat Products (England) Regulations 2003: £12.1 million (9% of total administrative cost)**

This is estimated to be the fourth highest cost regulation. The regulation contains only one IO/DR relating to the labelling of meat products. The high cost is driven by a combination of factors including the relatively high number of businesses affected by the regulation (around 7,250) and a high unit cost caused by a significant amount of time spent by senior staff undertaking this activity.

The IO/DR for this regulation has been categorised 'B - International, domestic discretion'.

#### **Meat Products (Hygiene) Regulations 1994: £10.9 million (8% of total administrative cost)**

This is estimated to be the fifth highest cost regulation. The regulation contains 21 IO/DRs.

The main driver of cost is quantity with around 9,500 businesses affected by eight IO/DRs. These IO/DRs cover a range of obligations including inspection, labelling and keeping records. There are also two further obligations which have a relatively low quantity but comparatively high unit costs driven by

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<sup>20</sup> The new EU food hygiene regulations do not fall within scope of the project as they only came into force on 1 January 2006. They have therefore not been measured.

external costs (including both services and goods). Both obligations relate to statutory labelling for third parties.

The most costly type of obligation is labelling for third parties followed by carrying documentation, for example, providing supporting documentation when transporting meat products or providing commercial documents which specify the origin of the meat products.

The majority of IO/DRs have been categorised as 'B- International, domestic discretion'. The regulation also includes three IO/DRs categorised as 'A - International, no domestic discretion' and one IO/DR categorised as 'C - Domestic'.

#### **Feeding Stuffs Regulations 2000: £9.5 million (7% of total administrative cost)**

This is estimated to be the sixth highest cost regulation. The regulation contains 16 IO/DRs. One obligation also features in the top five highest costs of the FSA's IO/DRs, driven by a high external services cost. High administrative unit costs also appear to be a key driver with seven IO/DRs featuring in the top 50 highest administrative unit costs. Quantity is not a key factor with only one IO/DR falling in the top 100 when obligations are ranked according to quantity.

Nearly all of the costs are attributed to providing statutory information for third parties, for example, providing information or labelling on the content of the feeding stuffs.

15 of the 16 IO/DRs in this regulation have been categorised as 'A - International, no domestic discretion' and one IO/DR categorised as 'C - Domestic'. This suggests that the Agency has limited influence in the short term to reduce the costs.

#### **Food Labelling Regulations 1996: £7.2 million (6% of total administrative cost)**

This is estimated to be the seventh highest cost regulation. The regulation contains 29 IO/DRs all relating to statutory labelling for third parties. This is the only regulation that was measured by Expert Panel. Measures were also obtained from business interviews.

The range of costs varies considerably between IO/DRs. The main driver for the highest cost IO/DRs is the very high population (almost 350,000 food businesses across the food chain) with 12 IO/DRs featuring in the top 50 when ranked according to quantity. The highest cost IO/DR relates to the labelling of foods containing sugars and sweeteners.

All of the IO/DRs in this regulation have been categorised as 'A - International, no domestic discretion'. This suggests that the Agency has limited influence in the short term to reduce the costs although the UK would support simplification at an EU level.

### **3.4 Administrative costs by IO type and by administrative activity**

During Phase 1, each IO/DR was classified using a standard list of 16 IO types, for example applications for authorisation or complying with inspections. A full list of IO types and their definitions can be found in Section 2.3.1.

Table 7 provides a breakdown of the total number of IO/DRs in each of the 16 categories and the total administrative cost associated with each IO type.

Table 7 has been listed in order of the total cost by IO type, with the highest % shown first.

The nature of the most common obligations for the FSA is unsurprisingly related to keeping detailed and regular records and labelling for consumers. However, the most costly to business is 'keeping records', which accounts for 41% of the total administrative cost. Between them, these obligation types comprise 65% of total departmental cost and 45% of IO/DRs by volume.

**Table 7: Total administrative costs by IO type**

| IO type  | Number of IO/DRs |                             | Total cost                        |                            |
|--|------------------|-----------------------------|-----------------------------------|----------------------------|
|  | Number of IO/DRs | % of total number of IO/DRs | Total cost by IO type £ (million) | % of total department cost |
| Keeping records                                      | 56               | 15%                         | £52.9                             | 41%                        |
| Statutory labelling for third parties                | 114              | 30%                         | £31.0                             | 24%                        |
| Returns and reports                                  | 15               | 4%                          | £10.1                             | 8%                         |
| Cooperating with audits/inspections of...            | 27               | 7%                          | £10.0                             | 8%                         |
| Providing statutory information for third parties    | 21               | 6%                          | £9.8                              | 8%                         |
| Carrying documentation                               | 27               | 7%                          | £4.9                              | 4%                         |
| Notification of activities                           | 51               | 14%                         | £3.7                              | 3%                         |
| Applications for permission for or exemption from... | 16               | 4%                          | £3.4                              | 3%                         |
| Entry in a register                                  | 8                | 2%                          | £1.0                              | 1%                         |
| Carrying out inspections of...                       | 2                | 1%                          | £0.7                              | 1%                         |
| Applications for authorisation                       | 37               | 10%                         | £0.5                              | 0%                         |
| Agreeing contracts                                   | 0                | 0%                          | £0.0                              | 0%                         |
| Applications for subsidies or grants for...          | 0                | 0%                          | £0.0                              | 0%                         |
| Framing complaints and appeals                       | 0                | 0%                          | £0.0                              | 0%                         |
| Requesting information                               | 0                | 0%                          | £0.0                              | 0%                         |
| Updating commercial emergency plans & programmes     | 0                | 0%                          | £0.0                              | 0%                         |
| <b>FSA Total</b>                                     | <b>374</b>       | <b>100%</b>                 | <b>£128.1</b>                     | <b>100%</b>                |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

Table 8 below provides a summary of the administrative costs broken down between internal time costs and external costs of goods and services. The internal costs are the staff time taken to carry out each administrative activity (i.e. the number of hours/minutes spent on an administrative activity) multiplied by the hourly pay for the appropriate occupation group that performs the activity with overheads added. Overheads are those costs that relate to fixed administration costs, such as expenses for premises (rent or building depreciation), telephone, heating, electricity, IT equipment, etc. These are calculated by applying a standard percentage mark-up (30% of the time based costs). External costs relate to the purchase of goods or services purchased specifically to fulfil the requirements of a regulation.

**Table 8: Summary administrative costs showing internal time, overheads and external costs**

| Activity                          | Total         |                            |
|-----------------------------------|---------------|----------------------------|
|                                   | £ (million)   | % of total department cost |
| Internal time costs               | £71.6         | 56%                        |
| Overheads                         | £21.5         | 17%                        |
| External Costs                    | £34.9         | 27%                        |
| <b>Total administrative costs</b> | <b>£128.1</b> | <b>100%</b>                |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

In collecting information about the time taken to complete obligations, the overall time taken was broken down between seven groups of administrative activities based on those identified within the SCM. These apply to each of the 16 IO types. They include, for example, familiarisation with the data requirements and holding meetings. Table 9 shows the total internal time costs for each activity type. Of the internal costs, the three largest activity types for the Agency are preparing figures (50%), familiarisation with requirements (13%) and reporting (10%).

**Table 9: Internal time costs by standard activity type**

| Activity   | Total        |                               |
|--|--------------|-------------------------------|
|  | £ (million)  | % of total internal time cost |
| <b>Reporting unit</b>  |              |                               |
| Gathering and assessing relevant information/figures   | £35.6        | 50%                           |
| Familiarisation with requirements  | £9.0         | 13%                           |
| Reporting (including written descriptions, copying, filing, distributing or submitting info/reports) | £6.9         | 10%                           |
| Preparing figures (including calculating, presenting, checking and correcting)                       | £6.8         | 10%                           |
| Inspections  | £6.6         | 9%                            |
| Holding meetings   | £4.6         | 6%                            |
| Making settlements or payments   | £2.1         | 3%                            |
| <b>FSA Total internal time costs</b>   | <b>£71.6</b> | <b>100%</b>                   |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

In addition, during Phase 1, each IO/DR was flagged according to whether or not it involved form-filling activities where it was possible to identify this. A variety of approaches were used to establish whether or not standard forms were used: where a regulation specifically identified that a standard form must be used; forms sourced and supplied by the FSA or its enforcement agencies; and where forms were identified through internet research by a dedicated PwC team. In practice, however, it was probably not possible to identify all standard forms, especially where regulations are implemented at regional or local levels. Overall, the percentage of IO/DRs flagged as involving form-filling within the FSA is 4%: however, it seems likely that this figure understates the actual level of form-filling activity.

### 3.5 Administrative costs by third party/non-third party and internal/external categories

This Section provides a breakdown of administrative costs between third party and non-third party obligations. Third party obligations are those that are owed exclusively to third parties (i.e. to individuals or organisations that are not public sector bodies, for example employees or customers). Non-third party obligations are those that are owed totally or partially to government departments or agencies (including law enforcement, local government, emergency services, courts etc).

The results indicate that a significant cost is incurred by businesses providing information to third parties; with around one third of the total administrative cost relating to third party obligations. The majority of these third party costs relate to labelling and account for around a third of the total administrative costs for the FSA.

**Table 10: Administrative costs- breakdown by third party/non-third party and internal/external categories<sup>21</sup>**

|           | Third party     |                 |                   | Non-third Party |                 |                   | Total administrative costs |                 |                   |
|-----------|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|----------------------------|-----------------|-------------------|
|           | Internal cost % | External cost % | Total £ (million) | Internal cost % | External cost % | Total £ (million) | Internal cost %            | External cost % | Total £ (million) |
| FSA Total | 61%             | 39%             | £40.8             | 78%             | 22%             | £87.3             | 73%                        | 27%             | £128.1            |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

### 3.6 Administrative costs by origin

Table 11 provides an analysis of the estimated administrative costs of the FSA's regulations broken down by the origin of the regulation. In particular, the table distinguishes three broad categories of obligation:

- Category A – obligations that are exclusively and completely a consequence of EU rules or other international obligations (i.e. the international rules describe which information businesses have to produce);
- Category B – obligations that are a consequence of EU rules and other international obligations where the purpose has been formulated in the international rules but where implementation has been left to individual Member States (i.e. the international rules do not describe which information businesses have to produce); and
- Category C – obligations that are exclusively a consequence of rules formulated at national level.

Furthermore, in Table 12 for Categories A and B, a distinction is made between regulations which derive from an EU Directive, and EU Regulation and other international rules.

<sup>21</sup> A third party is any other person or organisation that is not a public sector body, for example employees, consumers, parents and other stakeholders. For the purposes of the definition, a public sector body is a government department or agency (including law enforcement, local government, emergency services etc), a court, a government funded school or other educational institution. Where an IO/DR refers specifically to an inspector but does not clarify who the inspector might be, it is deemed to refer to a public sector body. For the purpose of distinguishing third party and non-third party administrative costs, an obligation to a third party arises only if it is exclusively owed to third parties (e.g. parents). Therefore, there are some obligations that apply to third parties that are not flagged as such because they also apply to public sector bodies.

The significance of the classification by origin lies in its implications for how far the FSA can influence directly the administrative costs and burden, especially in the short term. Category A obligations do not in principle fall within the FSA's immediate influence while Category C administrative costs will fall exclusively within the Agency's influence. Category B comes between these two categories, with the FSA's control over the administrative costs and burden varying according to the nature of the obligation and of the original EU legislation.

The majority of the FSA's total administrative costs (98%) are attributed to obligations of international origin with the proportion of cost between Categories A and B broadly the same. Only £2.8million (2%) of the total administrative cost is attributed to obligations of domestic origin. These relate to just 20 IO/DRs contained within 12 of the FSA's regulations.

The high proportion of the FSA's obligations categorised as international origin means there is less scope for the FSA to reduce the administrative cost in the short term than a department that is mainly responsible for regulations formulated under UK legislation.

**Table 11: Administrative costs by origin**

| Reporting unit   | International, no domestic discretion (A) |                           | International, domestic discretion (B) |                           | Domestic (C) |                           | Total £ (million) |
|------------------|---|---------------------------|--|---------------------------|--------------|---------------------------|-------------------|
|                  | £ (million)                               | % of Reporting unit total | £ (million)                            | % of Reporting unit total | £ (million)  | % of Reporting unit total |                   |
| <b>FSA Total</b> | £63.3                                     | 49%                       | £62.0                                  | 48%                       | £2.8         | 2%                        | £128.1            |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

Table 12 provides a more detailed breakdown of administrative costs by origin according to type: EU Regulation, EU Directive or other international obligations (as defined in the UK Standard Cost Manual).

All of the FSA's obligations categorised as international origin derive from EU Regulations or EU Directives. The majority of costs deriving from obligations categorised as 'A' originate from EU Regulations. The converse applies to costs for obligations categorised as 'B' where the majority of costs originate from EU Directives.

The distinction is important because if substantial costs are identified in connection with an EU Directive, the analysis can form an important element in support of simplification of the directive by the EU.

**Table 12: Administrative costs by sub category by origin**

|                  | International, no domestic discretion (A) |                               |                                       |              | International, domestic discretion (B) |                               |                                       |              | Domestic (C) |
|------------------|---|-------------------------------|---------------------------------------|--------------|--|-------------------------------|---------------------------------------|--------------|--------------|
|                  | 1: EU Regulation<br>£ (million)           | 2: EU Directive<br>£(million) | 3: Other international<br>£ (million) | % for type A | 1: EU Regulation<br>£ (million)        | 2: EU Directive<br>£(million) | 3: Other international<br>£ (million) | % for type B | % for type C |
| <b>FSA Total</b> | £35.4                                     | £27.9                         | £0.0                                  | 49%          | £28.5                                  | £33.5                         | £0.0                                  | 48%          | 2%           |

*Note: The percentage shown is the proportion of the admin cost for type A,B and C as a proportion of the admin cost for the reporting unit/department overall i.e. by row.*

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

Table 13 shows the percentage origin for the top 7 regulations in the FSA.

**Table 13: Percentage administrative cost by origin for the top 7 regulations**

| Regulation   | Total administrative cost |                       | % Cost by origin |            |           |
|--|---------------------------|-----------------------|------------------|------------|-----------|
|  | £ (million)               | % of department total | A                | B          | C         |
| Regulation (EC) No. 178/2002 of the European Parliament and of the Council | £30.2                     | 24%                   | 100%             | 0%         | 0%        |
| Dairy Products (Hygiene) Regulations 1995                                  | £24.0                     | 19%                   | 8%               | 92%        | 0%        |
| Fresh Meat (Hygiene and Inspection) Regulations 1995                       | £15.1                     | 12%                   | 38%              | 62%        | 0%        |
| Meat Products (England) Regulations 2003                                   | £12.1                     | 9%                    | 0%               | 100%       | 0%        |
| Meat Products (Hygiene) Regulations 1994                                   | £10.9                     | 8%                    | 13%              | 79%        | 9%        |
| Feeding Stuffs Regulations 2000  | £9.5                      | 7%                    | 97%              | 0%         | 3%        |
| Food Labelling Regulations 1996  | £7.2                      | 6%                    | 100%             | 0%         | 0%        |
| Top 7 Total  | £109.1                    | 85%                   | 51%              | 48%        | 1%        |
| <b>FSA Total</b>   | <b>£128.1</b>             | <b>100%</b>           | <b>49%</b>       | <b>48%</b> | <b>2%</b> |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

### 3.7 Administrative cost vs. administrative burden

This project has focused on deriving an estimate of the administrative costs incurred by businesses as they comply with the IO/DRs within the Agency's regulations. As the SCM recognises, not all of these costs represent an administrative burden (that is they reflect the cost of those administrative activities that businesses sustain simply because it is a requirement of regulation). Thus, the administrative costs will include some element of cost which a business might expect to incur regardless of whether a regulation exists. This has important implications for the interpretation of the measurements resulting from the application of the SCM.

As part of the businesses interviews, respondents were asked about the processes they used to fulfil each IO/DR and for their views as to whether or not they would undertake the activities anyway for their own business purposes or in order to meet other obligations arising from government regulation. Whilst these responses need to be treated with some caution, for example because the interviews covered only a proportion of the IO/DRs which are within scope of the exercise, they do provide an insight into the extent to which the costs which have been measured represent an administrative burden, rather than the 'business as usual' costs.

Hygiene regulation is an area where some respondents (although not all) stated they would carry out the same activities to some or a large extent if the regulations were not in place. This included Minced Meat and Meat Preparations (Hygiene) Regulations 1995 and Wild Game Meat (Hygiene and Inspection) Regulations 1995. The results suggest that labelling and traceability are other areas where the same activities would be carried out to a certain extent regardless of regulation.

Respondents were also asked about data provided for an obligation which is also provided to other departments. There were a number of areas where respondents suggested a duplication of requirements. A significant proportion of these related to hygiene regulations including Dairy Products (Hygiene) Regulations 1995, Minced Meat and Meat Preparations (Hygiene) Regulations 1995 and Fresh Meat (Hygiene and Inspection) Regulations 1995. These have subsequently been revoked and replaced by new EU hygiene regulation on 1 January 2006. Other regulations where a duplication between

departments was identified included Fresh Meat (Beef Controls) (No. 2) Regulations 1996, Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999 and Regulation (EC) No. 178/2002 of the European Parliament.

## 3.8 Other findings

Besides the quantitative information used to underpin the estimates of administrative costs, the business interviews undertaken both over the telephone and face-to-face have been used to obtain insights into businesses' understanding of the purpose of regulation and their views on how easy (or difficult) they find it to meet the administrative obligations which arise from the FSA's regulations and more generally on regulation. In interpreting these responses, it is important to recognise that the interviews do not cover all of the obligations which have been measured as part of the exercise since two other approaches to measurement have been used, Expert Panel and Assessment. As a consequence, the responses may be affected by unknown biases.

Over 100 free text comments were recorded from business interviews conducted on the FSA's regulations, which covered roughly 48% of IO/DRs within the scope of the project.

This section provides a summary of those comments under three headings.

- Interviewees' awareness of their responsibilities;
- The key issues raised by business; and
- The opportunities identified by business for reducing the administrative burden.

A full list of comments from the interviews is included in Annex A.

### Awareness of responsibilities

Some businesses acknowledged the importance and purpose of regulation. There was also recognition that some requirements set out in regulations would be carried out regardless as part of the running of a normally efficient business, for example, record-keeping. Also, some requirements were carried out by business as a result of pressure placed on suppliers by customers (although this was sometimes as a response to proposed legislation).

### Key issues raised by business

Many interviewees voiced concerns about the demands regulations impose on them and the issues they have with regulation. An overview of the key issues identified by business is provided below.

#### *Complexity of regulation*

Businesses highlighted the use of complex language and the need for legislation to be written in plain English or 'laymen speak'. The regulations to which these comments were specifically raised included: the Feeding Stuffs Regulation 2000, Minced Meat and Meat Preparations (Hygiene) Regulations 1995<sup>22</sup>, Meat Products (Hygiene) Regulations 1994<sup>22</sup>, Fresh Meat (Beef Controls) (No. 2) Regulations 1996 and Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999.

Another important issue raised concerns the changes made in regulatory requirements, and the time taken to remain abreast and implement these changes appropriately. Evidence to support this comes from the ABME which suggests that 7% of the total administrative costs for the FSA relate to 'familiarisation with requirements'.

#### *Volume of regulation*

The volume of regulation makes it difficult for some businesses to keep track of the requirements as well as creating too much paperwork or 'red tape'. This was particularly an issue for several of the hygiene regulations. There was recognition that the new hygiene legislation may help in this area although some businesses also expressed concerns over different interpretation of the new requirements applied by different inspectors and across regions.

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<sup>22</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

Some businesses reported what they considered to be a large degree of unnecessary repetition as they have to provide similar information multiple times to different authorities, and the need for consolidation of legislation in some areas. This included Feeding Stuffs Regulations 2000 as well as labelling and hygiene legislation.

### *Regulatory Support*

Some businesses feel there needs to more flexibility in the approach to regulation according to size of business, and requested greater understanding of the burdens placed on small businesses.

Businesses also reported a lack of understanding of business and business processes shown by inspectors. There was also a reported lack of consistency to inspections carried out by different inspectors.

Another area for improvement identified is the need for clear guidance. This was most commonly raised in relation to labelling. Businesses commented on the extent to which they had to liaise with their customers discussing the implications of new or proposed labelling legislation. There was a demand for clearer guidance to ensure everyone has a common understanding of the legislation and as a result, ensuring greater consistency of requirements placed on suppliers by customers. Allergen labelling was an area to which this issue applied in particular.

### *Changes in regulation requirements*

Another important issue concerns changes made in regulatory requirements, and the time taken to remain abreast of and implement these changes appropriately. This makes it difficult for businesses to keep track of their regulatory obligations. Some businesses also commented on the significant costs incurred as a result of changes in legislation.

Businesses stated that enforcement agencies were not always able to provide them with information or answer queries on new or proposed legislation. Businesses requested improved communication between enforcement agencies and policy makers to ensure enforcement agencies were fully aware of changes to legislation and the implications of those changes so these could be communicated more effectively to business in a timely manner.

### **Opportunities identified by business for reducing the administrative burden**

Interviewees generally felt that the administrative burden associated with regulation could be reduced. Several opportunities were identified by businesses:

- Providing grants for small businesses to help pay for advice/compliance;
- Scale regulations according to the size and circumstances of the business;
- Better training of enforcement officers to ensure they are able to respond to queries from businesses more effectively; provide them with a greater understanding of how business operates; and ensure a more consistent approach to enforcement;
- Review of guidance to make it clearer for businesses. This included allowing for new material to be added to existing guidance in a user friendly way, for example, making available in a ring binder or laminated in some way; and
- Greater use of the web by the FSA as a means to communicate to business.

## 4 Conclusions

This final Section of the report draws together the key conclusions which arise from the work that has been undertaken as part of the ABME. Specifically, the Section seeks to highlight those aspects of regulation which are likely to be most important in reducing the burden of regulation. In developing the conclusions, it has been important to take account of the FSA's existing initiatives in this area - for example, new EU food hygiene legislation implemented on 1 January 2006, which consolidated 17 separate hygiene regulations, and the Safer Food Better Business Initiative - as well as the policy context within which the work has been undertaken. Specifically, the conclusions have been developed recognising the Chancellor of the Exchequer's commitment in his Budget statement in March 2006 that government departments will publish detailed targets for the reduction of these burdens and ensure that these are reflected in the Simplification Plan.

The total administrative cost calculated for the 53 regulations measured for the FSA, calculated according to the SCM, is estimated to be £128.1 million.

The measurement exercise indicates that the majority of IO/DRs within the FSA dataset have unit costs estimated to be less than £2,000 and relatively low populations (less than 5,000). Only a small number of the FSA's regulations impose the majority of administrative costs on business. Overall, it is estimated that seven of the 53 regulations measured account for 85% of the total administrative cost. These seven regulations are:

- Regulation (EC) No.178/2002 of the European Parliament and the Council - £30.2 million (24%)
- Dairy Products (Hygiene) Regulations 1995 - £24 million (19%)<sup>23</sup>
- Fresh Meat (Hygiene and Inspection) Regulations 1995 - £15.1 million (12%)<sup>24</sup>
- Meat Products (England) Regulations 2003 - £12.1 million (9%)
- Meat Products (Hygiene) Regulations 1994 - £10.9 million (8%)<sup>24</sup>
- Feeding Stuffs Regulations 2000 - £9.5 million (7%)
- Food Labelling Regulations 1996 - £7.2 million (6%)

The main cost drivers vary according to each regulation and obligation within a regulation. Examples include:

- Quantity i.e. the number of business affected or the number of times a transaction must be undertaken. For example, traceability requirements under Regulation (EC) No.178/2002 of the European Parliament and the Council affects around 350,000 food businesses across the food chain. Other obligations driven by high quantity include the obligation to register as a food businesses and it is estimated that around 54,000 food businesses register per annum.

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<sup>23</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

- Administrative unit cost i.e. the internal and external costs incurred by business when carrying out the activity. Examples of high administrative unit costs incurred by business include the making of written application to become a re-packing centre, providing information to the FSA as required under certain hygiene legislation and labelling.

An understanding of the key drivers will help inform investigation into how the costs might be reduced. For high costs driven by quantity this might involve a review of the number of times an obligation must be undertaken (frequency) or the number of businesses affected. For costs driven by high unit costs this might involve recommendations for the streamlining of legislation or a review of existing support and guidance provided to business to make it easier for them to understand and comply with regulation.

The exercise indicates that around 98% of the FSA's administrative costs derive from EU legislation. This analysis helps identify which obligations the FSA potentially have greater influence over to reduce costs in the short term as well as those for which the UK might support simplification at an EU level in the longer term.

The measurement exercise provides useful analysis on the types of obligations and administrative activities businesses are required to undertake to comply with the Agency's regulations. The analysis suggests that the three highest cost obligations and activities carried out by business are:

*Top three obligations by type (% of total administrative costs)*

- Keeping of records (41%);
- Statutory labelling for the third parties (24%); and
- Returns and reports (8%).

*Top three administrative activities by type (% of total internal time cost)*

- Gathering and assessing relevant information/figures (50%);
- Familiarisation with requirements (13%); and
- Reporting - including written descriptions, copying, filing, distributing or submitting info/reports (10%).

The research suggests that significant cost is incurred by businesses providing information to third parties (often consumers) with around one third of the total administrative cost relating to third party obligations. Two of the top seven high cost regulations - Meat Products (England) Regulations 2003 and Food Labelling Regulations 1996 - solely comprise third party obligations.

It is also important for the FSA to consider obligations that do not contribute significantly to the overall administrative cost (because they affect a small number of businesses or are triggered only in a certain event); they can however be costly or create issues for the individual businesses affected. This was reflected in the qualitative evidence obtained from business interviews. For example, businesses identified a number of areas where they would benefit from clear and simpler instructions such as hygiene regulation, Fresh Meat (Beef Controls) (No. 2) Regulations 1996 and Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999. Businesses also called for the reduction in the volume of regulation in some areas such as food labelling.

The key task now for the FSA is to start to identify those areas where simplification activities can deliver savings in terms of the administrative costs incurred by businesses affected by the Agency's regulations, while ensuring the same policy outcomes.

# 5 Glossary

## Generic abbreviations

| Abbreviation | Definition  |
|--------------|---|
| ASHE         | Annual Survey of Hours and Earnings   |
| ABME         | Administrative Burdens Measurement Exercise   |
| ABRP         | Administrative Burdens Reduction Project  |
| ABR.net      | A bespoke project management information system used as a repository of all data used in the ABME |
| BRAP         | Better Regulation Action Plan   |
| BRE          | Better Regulation Executive   |
| BRTF         | Better Regulation Task Force  |
| BRU          | Better Regulation Unit  |
| DCTL         | Departmental Contractor Team Lead   |
| DR           | Data Requirement  |
| EU           | European Union  |
| HMRC         | Her Majesty's Revenue and Customs   |
| IDBR         | Inter Departmental Business Register  |
| IO           | Information Obligation  |
| ISU          | International Survey Unit   |
| NDPBs        | Non-Departmental Public Bodies  |
| PwC          | PricewaterhouseCoopers LLP  |
| Reg          | Regulation  |
| SCM          | Standard Cost Model   |
| SDL          | Senior Departmental Lead  |
| SE           | Single European Company Regulation  |
| SI           | Statutory Instrument  |
| SIC          | Standard Industrial Classification  |

## Department abbreviations

| Abbreviation | Definition                                      |
|--------------|---|
| BSE          | Bovine Spongiform Encephalopathy                |
| DARD         | Department of Agriculture and Rural Development |
| GM           | Genetically Modified                            |
| HACCP        | Hazard Analysis and Critical Control Point      |
| MHS          | Meat Hygiene Service                            |
| OTM          | Over Thirty Months                              |
| SRM          | Specified Risk Material                         |
| TSE          | Transmissible Spongiform Encephalopathies       |

## Definitions

Each of the technical terms used within the reports to Departments is defined below for ease of reference, based on the definitions set out within the Standard Cost Model.

| Technical term               | Definition   |
|------------------------------|--|
| <b>Administrative costs</b>  | <p>The costs of the administrative activities that a business incurs when it complies with the information obligations that are imposed through central government regulation.</p> <p>The total unit administrative costs are made up of:</p> <ul style="list-style-type: none"> <li>• Internal time costs required to complete task (Wages x Time)</li> <li>• Overhead costs (calculated as a percentage of internal time costs)</li> <li>• External services</li> <li>• External goods</li> </ul> <p>The total unit administrative costs are multiplied by the quantity to derive the total administrative costs.</p> <p>Elements which are not captured within administrative costs are:</p> <ul style="list-style-type: none"> <li>• One-off costs – only recurring costs are included</li> <li>• Training costs (these are assumed to be included within overhead costs)</li> </ul> <p>Also see internal services definition.</p> |
| <b>Administrative burden</b> | <p>That part of the administrative costs that a business sustains only because it has to comply with regulation.</p> <p>The administrative burden is thus a subset of the administrative costs that a business will incur when complying with a regulation (i.e. it excludes 'business as usual' costs).</p>   |
| <b>Baseline</b>              | <p>The measure of administrative costs against which the Government will set targets for departments for administrative burden reduction. It is not part of the Administrative Burdens Measurement Exercise and has not been identified as part of this project.</p>   |
| <b>Business</b>              | <p>An organisation in any sector of the economy, with the exception of the public sections of public administration and public services as defined by the Office for National Statistics for National Accounts purposes. This definition, therefore, includes business, charities and the voluntary sector.</p>  |
| <b>Compliant business</b>    | <p>One which meets all of its regulatory obligations specifically around the provision of information to government and third parties.</p>   |
| <b>Compulsory regulation</b> | <p>Those regulations that businesses have to follow in order to comply with relevant legislation or because there is in effect clear government backing. They contrast with voluntary regulations.</p>   |

| Technical term   | Definition  |
|--|---|
| <b>Continuous</b>  | The frequency of an information obligation where activity is ongoing throughout the year. For example if the information obligation is "to put labels on jam jars" then it is continuous with no specified frequency.   |
| <b>Contingent requirements</b>                               | Those which only impose a burden in the event of a particular event occurring: the passage of time alone will not give rise to a contingent requirement.  |
| <b>Data Requirement (DR)</b>                                 | Each information obligation consists of a number of pieces of different information or data that a business shall provide in order to be able to comply with the information obligation.  |
| <b>Demarcation</b>   | The process whereby 'ownership' of the information obligations within a regulation which is shared by two or more departments is agreed with the aim of minimising double counting.   |
| <b>European Union Regulation</b>                             | European Union (EU) Regulations are directly applicable in all Member States of the EU. For this reason they constitute the most powerful or influential form of EU law.<br><br>Because regulations have direct effect, the individual countries do not need to pass local laws to bring them into effect, and indeed any local laws contrary to the regulation are overruled, as EU Law is supreme over the laws of the Member States. Member States therefore have to legislate in the light of, and consistently with the requirements of, EU Regulations. |
| <b>European Union Directive</b>                              | A directive, on the other hand, is only applicable in the Member States when the objectives it contains have been transposed into national law. This is the minimum; member states may implement more than directed by the EU in order to fully implement the directive.<br><br>A European Union (formerly European Economic Community (EEC)/European Community (EC)) legal instruction, binding on all Member States but which must be implemented through national legislation within a prescribed time-scale.  |
| <b>E-government solutions</b>                                | For a growing number of information obligations electronic solutions are made available to the businesses whereby they are able to report the required information, apply for subsidy or permits etc via the internet. An electronic solution is understood to mean that the businesses are able to send in the required information via electronic communication. A form that the businesses can download from a homepage and which subsequently has to be printed out and submitted by letter or fax, is thus not an electronic solution.                   |
| <b>External time cost</b>                                    | In some cases businesses outsource administrative activities to service providers outside the business. These provider groups are called external service providers.<br><br>Things which are measured are: <ul style="list-style-type: none"> <li>• Number of hours/minutes spent on administrative activity:</li> <li>• Hourly rate for various external service providers that perform administrative activities.</li> </ul>  |
| <b>External goods &amp; services</b>                         | This refers to the purchase of any goods or services from external suppliers in order to prepare and provide information for an Information obligation, for example postage, printing, software, technical equipment/machinery or professional services.  |
| <b>Familiarisation with requirements</b>                     | Familiarisation is one of the seven groups of administrative activities. It includes the time required by a business to familiarise itself with the rules for a given information obligation.   |
| <b>First time costs</b>                                      | The costs associated with complying with regulations as part of starting a business or with particular requirements for those businesses complying with regulations for the first time. These costs are included in the calculations.   |
| <b>Form filling</b>  | Any standardised way of meeting an information obligation, for example, this could include electronic forms, paper forms, online forms or contact with a call centre.   |
| <b>Frequency</b>   | The number of times a business fulfils a data requirement per year.   |
| <b>Gathering and assessing relevant information/ figures</b> | Gathering and assessing relevant information/figures is one of the seven groups of administrative activities. It includes the retrieval of relevant figures and information needed to comply with a given information obligation and the assessment of which figures and information are necessary for the public authorities to accept the report.   |

| Technical term                        | Definition  |
|---------------------------------------|---|
| <b>Government</b>                     | Government for this measurement is defined to include all bodies that are principally controlled and financed by central government i.e. all executive agencies, next steps agencies, non-departmental public bodies, regulators and arms-length bodies for which departments have to account to Parliament as well as government institutions which operate abroad, such as embassies. It also includes local government insofar as it acts to implement and enforce the policy of central government.   |
| <b>Holding meetings</b>               | Holding meetings is one of the seven groups of administrative activities. It includes meetings held internally between the various personnel groups involved in complying with the information obligation and meetings held in cases where compliance with the information obligation requires meetings with an auditor, lawyer or the like.  |
| <b>Information Obligation (IO)</b>    | A duty to procure or prepare information and subsequently make it available to a public authority, as well as a duty to facilitate the collection or preparation of information by others, e.g. by permitting and cooperating with an audit, visit or inspection. It includes regular requirements to read guidance on an information obligation and updated rules. A business cannot decline without coming into conflict with the law or being ineligible for continued funding, grants and other applied for schemes.  |
| <b>Inspections</b>                    | Co-operating with inspections is one of the seven groups of administrative activities. It includes the costs incurred by a business which must assist external inspectors when they carry out their inspection at the business, and those incurred in complying with corrections resulting from inspection by public authorities.   |
| <b>Internal time &amp; cost</b>       | The number of hours and minutes spent by a business on the administrative activities required to meet an information obligation, valued using the average hourly pay for each of the relevant occupational groups that perform the various administrative activities. The relevant occupation groups are the employee groups within the businesses that perform the administrative activities. Internal hourly pay is based on occupation groups with their hourly pay from the Office for National Statistics Annual Survey of Hours and Earnings (ASHE).  |
| <b>Making settlements or payments</b> | Making settlements is one of the seven groups of administrative activities. It includes the payment of charges and the like.  |
| <b>Normally efficient business</b>    | A normally efficient business is one within the affected group that handles their administrative tasks in a normal manner (i.e. it handles its administrative tasks neither better nor worse than may be reasonably expected).  |
| <b>One-off costs</b>                  | The costs that are only sustained once in connection with the businesses adapting to a new or amended legislation/regulation. This does not include the costs that a business may have in relation to complying with existing regulations for the first time (see First time costs above).  |
| <b>One-off frequency</b>              | A once in a lifetime obligation or one-time requirement triggered by an event   |
| <b>Origin of regulation</b>           | <p>In order to provide an overview of where responsibility for regulation rests, the information obligations have been classified in three main categories based on their origin:</p> <ol style="list-style-type: none"> <li>1. Information obligations that are exclusively and completely a consequence of EU rules and other international obligations - the international rules describe which information businesses have to produce;</li> <li>2. Information obligations that are a consequence of EU rules and other international obligations. The purpose will be formulated in the international rules, while implementation (including formulation of the specific data requirements) will be left to the member states. The international rules do not describe which information a business has to produce.</li> <li>3. Data requirements that are exclusively a consequence of rules formulated at national level.</li> </ol> |
| <b>Overhead</b>                       | <p>Costs in addition to direct pay costs for individual employees, including:</p> <ul style="list-style-type: none"> <li>• Fixed administration costs such as expenses for premises (rent or building depreciation), telephone, heating, electricity, IT equipment etc;</li> <li>• Absence owing to illness; and</li> <li>• Employers' National Insurance Contributions.</li> </ul>   |

| Technical term                     | Definition  |
|------------------------------------|---|
| <b>Preparing figures</b>           | <p>Preparing figures is one of the seven groups of administrative activities. It includes:</p> <ul style="list-style-type: none"> <li>• Calculation - performing the relevant calculations needed for the public authorities to accept the report;</li> <li>• Presentation of figures in tables or the like;</li> <li>• Checking the calculated figures, e.g. by reconciliation with other data; and</li> <li>• Correction if the business's own checks reveal errors in the calculations.</li> </ul>   |
| <b>Population</b>                  | How many businesses are affected by any particular information obligation or data requirement.  |
| <b>Quantity</b>                    | <p>The size of the population of businesses affected multiplied by the frequency that the activity must be completed each year. It is stated annually and represents either (i) the actual number of transactions e.g. number of licence applications submitted p.a. or (ii) the estimated number of transactions derived as the sector population multiplied by frequency e.g. number of farmers x 4 (representing quarterly returns).</p>   |
| <b>Rare contingent requirement</b> | <p>Rare and contingent requirements arise where it is agreed that the actual/expected frequency with which an obligation is faced is so low that it should not be considered part of the recurring administrative costs.</p>  |
| <b>Recurring costs</b>             | <p>The administrative costs that a business constantly incurs when complying with the information obligations arising from regulation. They may be costs that arise at regular intervals, e.g. returns to Companies House. They can also be costs that arise at irregular intervals e.g. if there is an application for an export subsidy or planning permission. They may also be an administrative task that an individual business only undertakes on one occasion, e.g. in connection with business registration or upon application for authorisation.</p>   |
| <b>Regulation</b>                  | <p>A regulation is defined as a rule with which failure to comply would result in a business coming into conflict with the law or being ineligible for continued funding, grants and other applied for schemes. It can be summarised as all measures with legal force imposed by central government and other schemes operated by central government, including:</p> <ul style="list-style-type: none"> <li>• Directly applicable EU Regulations;</li> <li>• Directly applicable sections of Acts of Parliament;</li> <li>• Statutory Instruments;</li> <li>• Rules, orders, schemes, regulations etc. made under statutory powers by Ministers or agencies;</li> <li>• Licences and permits issued under central Government authority;</li> <li>• Codes of Practice with statutory force;</li> <li>• Guidance with statutory force;</li> <li>• Codes of Practice/Guidance/Self-Regulation/Industry Agreements with Government backing, e.g. "Approved Codes of Practice"; and</li> <li>• Bye-laws made by central Government.</li> </ul> <p>It excludes:</p> <ul style="list-style-type: none"> <li>• Codes of Practice/Guidance without government backing;</li> <li>• Voluntary agreements between businesses including self-regulation/industry agreements with no government backing;</li> <li>• Obligations arising from local government measures where these are not concerned with implementing central government policy; and</li> <li>• Obligations arising from the Common Law (e.g. of an employer to his employees).</li> </ul> |
| <b>Regular</b>                     | <p>One possible frequency of an information obligation. For example, an information obligation which occurs within a period of a year at a specified interval this would be classed as regular (e.g. every six months, three times per year or annually).</p>   |

| Technical term              | Definition   |
|-----------------------------|--|
| <b>Reporting Unit</b>       | <p>A series of Reporting Units have been defined for this report as the basic unit of analysis. They are groups of policy areas where:</p> <ul style="list-style-type: none"> <li>• the number of regulations owned by the Unit is at least 30; and</li> <li>• the number of information obligations/data requirements is more than 150.</li> </ul>  |
| <b>Reporting</b>            | <p>Reporting is one of the seven groups of administrative activities. It includes preparing written descriptions, copying, filing, distribution or submitting info/reports, e.g. the directors' report in the Financial Statements Act.</p>  |
| <b>Segmentation</b>         | <p>Segmentation ensures measurements reflect differing cost/resource structures in businesses and the incidence of particular regulations. It is also needed to allow specific areas of interest to be analysed. Standard segmentation reflects the four size bands for businesses defined by the Small Business Service.</p>  |
| <b>Standard Cost Model</b>  | <p>The Standard Cost Model (SCM) provides a framework and methodology for measuring administrative costs.</p>  |
| <b>SIC Code</b>             | <p>The SIC Code refers to a four or five digit code defined on the basis of the Office for National Statistics' Standard Industry Classification which is used to classify/describe the industry sector of organisations required to meet an information obligation.</p>   |
| <b>Third parties</b>        | <p>Third party refers to another person/s or organisation that is not a public sector body. Examples of third party bodies include parents, employees, consumers and stakeholders. Even where an information obligation does not specify a third party but stipulates the requirement for protocols/guidance etc to be in place, it can be interpreted that the obligation is owed to a third party.</p> |
| <b>Voluntary regulation</b> | <p>Voluntary actions fall within the scope of the Standard Cost Model; examples include applying for licences, support schemes, grant schemes, etc.</p>  |

# Annex A: Administrative costs by Department

This annex presents the detailed results of the ABME for the FSA.

The estimates of administrative costs included in this report are based on the application of the SCM which is designed to produce consistent estimates and so enable measurements to be compared and targets for reductions to be set across government. For practical reasons, the SCM relies on deriving estimates of the standard cost of meeting each of the IO/DRs within a regulation for a ‘normally efficient business’. It relies on the input of a limited number of experts and/or businesses. As such, it does not produce a statistically representative measurement of costs: instead, it is a pragmatic approach to measurement that gives an indicative estimate of the magnitude of costs which provides a starting point for setting reduction targets and highlighting the areas of focus. Moreover, the nature of the estimation process means that the greater the level of disaggregation of the cost estimates, the greater the potential margins of error surrounding the cost estimate.

Table 14 appears in all reports. Where relevant it provides an overview of the regulations for which the Department is at least partly responsible that link to other regulations and where demarcation has been agreed between departments. In the case of the FSA there were no linked regulations for which a demarcation agreement was reached and therefore, this table is blank.

**Table 14: Demarcation of regulations**

| Regulation/Information obligations/Data requirement | Demarcation description | Total cost (after demarcation)*<br>£ (million) | Total cost (before demarcation)<br>£ (million) |
|---|-------------------------|--|--|
| None  | -                       | -  | -  |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

The tables below present the results for the FSA.

The tables show regulations within the Agency as follows:

- total administrative cost (see Table 15)
- the distribution of administrative costs (see Table 16)
- third party/non-third party and internal/external costs (see Table 17)

The regulations have been listed in order of the total administrative cost, with the highest cost regulation shown first.

**Table 15: Regulations by total administrative costs**

| Regulation  | Total administrative cost |                       |
|---|---------------------------|-----------------------|
|   | £ (million)               | % of department total |
| Regulation (EC) No. 178/2002 of the European Parliament and of the Council  | £30.2                     | 24%                   |
| Dairy Products (Hygiene) Regulations 1995 <sup>24</sup>   | £24.0                     | 19%                   |
| Fresh Meat (Hygiene and Inspection) Regulations 1995 <sup>25</sup>  | £15.1                     | 12%                   |
| Meat Products (England) Regulations 2003  | £12.1                     | 9%                    |
| Meat Products (Hygiene) Regulations 1994 <sup>25</sup>  | £10.9                     | 8%                    |
| Feeding Stuffs Regulations 2000   | £9.5                      | 7%                    |
| Food Labelling Regulations 1996   | £7.2                      | 6%                    |
| Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998 <sup>25</sup>  | £6.5                      | 5%                    |
| Minced Meat and Meat Preparations (Hygiene) Regulations 1995 <sup>25</sup>  | £3.2                      | 2%                    |
| Poultry Meat, Farmed Game Bird Meat and Rabbit Meat (Hygiene and Inspection) Regulations 1995 <sup>25</sup>   | £1.6                      | 1%                    |
| Food Safety (General Food Hygiene) Regulations 1995 <sup>25</sup>   | £1.5                      | 1%                    |
| Food Premises (Registration) Regulations 1991 (as amended) <sup>25</sup>  | £1.4                      | 1%                    |
| Regulation (EC) No. 1829/2003 of the European Parliament and of the Council   | £1.3                      | 1%                    |
| Honey (England) Regulations 2003 as amended   | £0.8                      | 1%                    |
| Quick-frozen Foodstuffs Regulations 1990 (as amended)   | £0.7                      | 1%                    |
| Medical Food (England) Regulations 2000   | £0.6                      | 0%                    |
| Food Additives Labelling Regulations 1992   | £0.4                      | 0%                    |
| Wild Game Meat (Hygiene and Inspection) Regulations 1995 <sup>25</sup>  | £0.3                      | 0%                    |
| Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999   | £0.2                      | 0%                    |
| Bread and Flour Regulations 1998  | £0.2                      | 0%                    |
| Cocoa and Chocolate Products (England) Regulations 2003   | £0.2                      | 0%                    |
| Feeding Stuffs (Establishments and Intermediaries) Regulations 1999   | £0.1                      | 0%                    |
| Egg Products Regulations 1993 <sup>25</sup>   | £0.1                      | 0%                    |
| Extraction Solvents in Food Regulations 1993  | £0.0                      | 0%                    |
| Specified Sugar Products (England) Regulations 2003   | £0.0                      | 0%                    |
| Fresh Meat (Beef Controls) (No. 2) Regulations 1996   | £0.0                      | 0%                    |
| Meat (Hygiene and Inspection) (Charges) Regulations 1998 <sup>25</sup>  | £0.0                      | 0%                    |
| Flavourings in Food Regulations 1992  | £0.0                      | 0%                    |
| Jam and Similar Products (England) Regulations 2003   | £0.0                      | 0%                    |
| Food Supplements (England) Regulations 2003   | £0.0                      | 0%                    |
| Genetically Modified Animal Feed (England) Regulations 2004   | £0.0                      | 0%                    |
| Genetically Modified Food (England) Regulations 2004  | £0.0                      | 0%                    |
| Regulation (EC) No. 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food, and repealing Council Directives 89/109/EEC and 80/590/EEC | £0.0                      | 0%                    |
| Food (Control of Irradiation) Regulations 1990  | £0.0                      | 0%                    |

<sup>24</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

| Regulation   | Total administrative cost |                       |
|--|---------------------------|-----------------------|
|  | £ (million)               | % of department total |
| Notification of Marketing of Food for Particular Nutritional Uses (England and Wales) Regulations 2002                     | £0.0                      | 0%                    |
| Food for Particular Nutritional Uses (Addition of Substances for Specific Nutritional Purposes) (England) Regulations 2002 | £0.0                      | 0%                    |
| Coffee Extracts and Chicory Extracts (England) Regulations 2000  | £0.0                      | 0%                    |
| Imported Food Regulations 1984   | £0.0                      | 0%                    |
| Collagen and Gelatine (Intra-Community Trade) (England) (No. 2) Regulations 2003 <sup>25</sup>                             | £0.0                      | 0%                    |
| The Sweeteners in Food Regulations 1995  | £0.0                      | 0%                    |
| Animal By-Products (Identification) Regulations 1995   | £0.0                      | 0%                    |
| Plastic Materials and Articles in Contact with Food Regulations 1998   | £0.0                      | 0%                    |
| Ice-Cream (Heat Treatment, etc.) Regulations 1959 <sup>26</sup>  | £0.0                      | 0%                    |
| Foods Intended for Use in Energy Restricted Diets for Weight Reduction Regulations 1997                                    | £0.0                      | 0%                    |
| Infant Formula and Follow-on Formula Regulations 1995  | £0.0                      | 0%                    |
| Feed (Corn Gluten Feed and Brewers Grains) (Emergency Control) (England) Regulations 2005                                  | £0.0                      | 0%                    |
| Fruit Juices and Fruit Nectars (England) Regulations 2003  | £0.0                      | 0%                    |
| Processed Cereal-based Foods and Baby Foods for Infants and Young Children (England) Regulations 2003                      | £0.0                      | 0%                    |
| Gelatine (Intra-Community Trade) (England) Regulations 2001 <sup>26</sup>  | £0.0                      | 0%                    |
| Spreadable Fats (Marketing Standards) (England) Regulations 1999   | £0.0                      | 0%                    |
| Condensed Milk and Dried Milk (England) Regulations 2003   | £0.0                      | 0%                    |
| Casein and Caseinates Regulations 1985   | £0.0                      | 0%                    |
| Food with Added Phytosterols or Phytostanols Regulations 2004  | £0.0                      | 0%                    |
| FSA Total  | £128.1                    | 100%                  |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

<sup>25</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

**Table 16: The distribution of administrative costs by IO/DR by regulation**

| Regulation  | Total administrative cost per regulation<br>£ (million) | Distribution of administrative cost<br>£ ('000) |                   |                    | Number of IO/DRs |
|---|---|---|-------------------|--------------------|------------------|
|   |   | Minimum cost IO/DR                              | Median cost IO/DR | Maximum cost IO/DR |                  |
| Regulation (EC) No. 178/2002 of the European Parliament and of the Council                                  | £30.2   | £0  | £1                | £30,175            | 11               |
| Dairy Products (Hygiene) Regulations 1995 <sup>26</sup>   | £24.0   | £0  | £68               | £10,104            | 25               |
| Fresh Meat (Hygiene and Inspection) Regulations 1995 <sup>27</sup>  | £15.1   | £0  | £76               | £2,980             | 32               |
| Meat Products (England) Regulations 2003  | £12.1   | £12,129   | £12,129           | £12,129            | 1                |
| Meat Products (Hygiene) Regulations 1994 <sup>27</sup>  | £10.9   | £0  | £8                | £2,453             | 21               |
| Feeding Stuffs Regulations 2000   | £9.5  | £0  | £35               | £6,110             | 16               |
| Food Labelling Regulations 1996   | £7.2  | £0  | £0                | £3,227             | 29               |
| Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998 <sup>27</sup>                  | £6.5  | £0  | £5                | £3,514             | 34               |
| Minced Meat and Meat Preparations (Hygiene) Regulations 1995 <sup>27</sup>                                  | £3.2  | £0  | £29               | £1,778             | 24               |
| Poultry Meat, Farmed Game Bird Meat and Rabbit Meat (Hygiene and Inspection) Regulations 1995 <sup>27</sup> | £1.6  | £0  | £3                | £726               | 19               |
| Food Safety (General Food Hygiene) Regulations 1995 <sup>27</sup>   | £1.5  | £1  | £33               | £597               | 9                |
| Food Premises (Registration) Regulations 1991 (as amended) <sup>27</sup>                                    | £1.4  | £221  | £411              | £758               | 3                |
| Regulation (EC) No. 1829/2003 of the European Parliament and of the Council                                 | £1.3  | £0  | £0                | £1,315             | 13               |
| Honey (England) Regulations 2003 as amended   | £0.8  | £0  | £382              | £764               | 2                |
| Quick-frozen Foodstuffs Regulations 1990 (as amended)   | £0.7  | £0  | £0                | £707               | 4                |
| Medical Food (England) Regulations 2000   | £0.6  | £0  | £277              | £555               | 2                |
| Food Additives Labelling Regulations 1992   | £0.4  | £185  | £202              | £219               | 2                |
| Wild Game Meat (Hygiene and Inspection) Regulations 1995 <sup>27</sup>                                      | £0.3  | £0  | £4                | £171               | 16               |
| Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999                             | £0.2  | £0  | £0                | £222               | 9                |
| Bread and Flour Regulations 1998  | £0.2  | £196  | £196              | £196               | 1                |
| Cocoa and Chocolate Products (England) Regulations 2003   | £0.2  | £39   | £98               | £156               | 2                |

<sup>26</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

| Regulation  | Total administrative cost per regulation<br>£ (million) | Distribution of administrative cost<br>£ ('000) |                   |                    | Number of IO/DRs |
|---|---|---|-------------------|--------------------|------------------|
|   |   | Minimum cost IO/DR                              | Median cost IO/DR | Maximum cost IO/DR |                  |
| Feeding Stuffs (Establishments and Intermediaries) Regulations 1999   | £0.1  | £0  | £5                | £73                | 12               |
| Egg Products Regulations 1993 <sup>28</sup>   | £0.1  | £0  | £2                | £27                | 7                |
| Extraction Solvents in Food Regulations 1993  | £0.0  | £19   | £19               | £19                | 1                |
| Specified Sugar Products (England) Regulations 2003   | £0.0  | £14   | £14               | £14                | 1                |
| Fresh Meat (Beef Controls) (No. 2) Regulations 1996   | £0.0  | £0  | £0                | £13                | 3                |
| Meat (Hygiene and Inspection) (Charges) Regulations 1998 <sup>27</sup>  | £0.0  | £9  | £9                | £9                 | 1                |
| Flavourings in Food Regulations 1992  | £0.0  | £0  | £4                | £8                 | 2                |
| Jam and Similar Products (England) Regulations 2003   | £0.0  | £1  | £3                | £5                 | 2                |
| Food Supplements (England) Regulations 2003   | £0.0  | £0  | £2                | £3                 | 3                |
| Genetically Modified Animal Feed (England) Regulations 2004   | £0.0  | £1  | £2                | £3                 | 2                |
| Genetically Modified Food (England) Regulations 2004  | £0.0  | £3  | £3                | £3                 | 1                |
| Regulation (EC) No. 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food, and repealing Council Directives 89/109/EEC and 80/590/EEC | £0.0  | £0  | £0                | £2                 | 10               |
| Food (Control of Irradiation) Regulations 1990  | £0.0  | £0  | £0                | £1                 | 11               |
| Notification of Marketing of Food for Particular Nutritional Uses (England and Wales) Regulations 2002  | £0.0  | £1  | £1                | £1                 | 2                |
| Food for Particular Nutritional Uses (Addition of Substances for Specific Nutritional Purposes) (England) Regulations 2002  | £0.0  | £0  | £1                | £2                 | 2                |
| Coffee Extracts and Chicory Extracts (England) Regulations 2000   | £0.0  | £0  | £1                | £1                 | 2                |
| Imported Food Regulations 1984  | £0.0  | £0  | £0                | £0                 | 3                |
| Collagen and Gelatine (Intra-Community Trade) (England) (No. 2) Regulations 2003 <sup>28</sup>  | £0.0  | £0  | £0                | £0                 | 8                |
| The Sweeteners in Food Regulations 1995   | £0.0  | £0  | £0                | £0                 | 1                |

<sup>27</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

<sup>28</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

| Regulation  | Total administrative cost per regulation<br>£ (million) | Distribution of administrative cost<br>£ ('000) |                   |                    | Number of IO/DRs |
|---|---|---|-------------------|--------------------|------------------|
|   |   | Minimum cost IO/DR                              | Median cost IO/DR | Maximum cost IO/DR |                  |
| Animal By-Products (Identification) Regulations 1995  | £0.0  | £0  | £0                | £0                 | 2                |
| Plastic Materials and Articles in Contact with Food Regulations 1998                                  | £0.0  | £0  | £0                | £0                 | 2                |
| Ice-Cream (Heat Treatment, etc.) Regulations 1959 <sup>29</sup>                                       | £0.0  | £0  | £0                | £0                 | 1                |
| Foods Intended for Use in Energy Restricted Diets for Weight Reduction Regulations 1997               | £0.0  | £0  | £0                | £0                 | 2                |
| Infant Formula and Follow-on Formula Regulations 1995   | £0.0  | £0  | £0                | £0                 | 5                |
| Feed (Corn Gluten Feed and Brewers Grains) (Emergency Control) (England) Regulations 2005             | £0.0  | £0  | £0                | £0                 | 1                |
| Fruit Juices and Fruit Nectars (England) Regulations 2003   | £0.0  | £0  | £0                | £0                 | 2                |
| Processed Cereal-based Foods and Baby Foods for Infants and Young Children (England) Regulations 2003 | £0.0  | £0  | £0                | £0                 | 1                |
| Gelatine (Intra-Community Trade) (England) Regulations 2001 <sup>29</sup>                             | £0.0  | £0  | £0                | £0                 | 1                |
| Spreadable Fats (Marketing Standards) (England) Regulations 1999                                      | £0.0  | £0  | £0                | £0                 | 2                |
| Condensed Milk and Dried Milk (England) Regulations 2003  | £0.0  | £0  | £0                | £0                 | 1                |
| Casein and Caseinates Regulations 1985  | £0.0  | £0  | £0                | £0                 | 1                |
| Food with Added Phytosterols or Phytosterols Regulations 2004   | £0.0  | £0  | £0                | £0                 | 4                |
| <b>FSA Total</b>  | <b>£128.1</b>   | <b>£0</b>                                       | <b>£3</b>         | <b>£30,175</b>     | <b>374</b>       |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

**Table 17: Administrative costs by regulation - breakdown by third party/non-third party and internal/external categories<sup>29</sup>**

|   | Third party     |                 |                   | Non-third Party |                 |                   | Total administrative costs |                 |                   |
|---|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|----------------------------|-----------------|-------------------|
|   | Internal cost % | External cost % | Total £ (million) | Internal cost % | External cost % | Total £ (million) | Internal cost %            | External cost % | Total £ (million) |
| Regulation (EC) No. 178/2002 of the European Parliament and of the Council                                  | 100%            | 0%              | £0.0              | 100%            | 0%              | £30.2             | 100%                       | 0%              | £30.2             |
| Dairy Products (Hygiene) Regulations 1995 <sup>30</sup>   | 100%            | 0%              | £0.9              | 73%             | 27%             | £23.1             | 74%                        | 26%             | £24.0             |
| Fresh Meat (Hygiene and Inspection) Regulations 1995 <sup>31</sup>  | 98%             | 2%              | £0.6              | 42%             | 58%             | £14.4             | 44%                        | 56%             | £15.1             |
| Meat Products (England) Regulations 2003  | 100%            | 0%              | £12.1             | -               | -               | £0.0              | 100%                       | 0%              | £12.1             |
| Meat Products (Hygiene) Regulations 1994 <sup>31</sup>  | 24%             | 76%             | £5.7              | 54%             | 46%             | £5.2              | 38%                        | 62%             | £10.9             |
| Feeding Stuffs Regulations 2000   | 12%             | 88%             | £9.3              | 100%            | 0%              | £0.2              | 14%                        | 86%             | £9.5              |
| Food Labelling Regulations 1996   | 62%             | 38%             | £7.2              | -               | -               | £0.0              | 62%                        | 38%             | £7.2              |
| Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998 <sup>32</sup>                  | 100%            | 0%              | £0.5              | 97%             | 3%              | £6.0              | 97%                        | 3%              | £6.5              |
| Minced Meat and Meat Preparations (Hygiene) Regulations 1995 <sup>32</sup>                                  | 87%             | 13%             | £0.5              | 89%             | 11%             | £2.7              | 88%                        | 12%             | £3.2              |
| Poultry Meat, Farmed Game Bird Meat and Rabbit Meat (Hygiene and Inspection) Regulations 1995 <sup>32</sup> | 100%            | 0%              | £0.7              | 49%             | 51%             | £0.8              | 73%                        | 27%             | £1.6              |
| Food Safety (General Food Hygiene) Regulations 1995 <sup>32</sup>   | -               | -               | £0.0              | 100%            | 0%              | £1.5              | 100%                       | 0%              | £1.5              |
| Food Premises (Registration) Regulations 1991 (as amended) <sup>32</sup>                                    | -               | -               | £0.0              | 100%            | 0%              | £1.4              | 100%                       | 0%              | £1.4              |

<sup>29</sup> A third party is any other person or organisation that is not a public sector body, for example employees, consumers, parents and other stakeholders. For the purposes of the definition, a public sector body is a government department or agency (including law enforcement, local government, emergency services etc), a court, a government funded school or other educational institution. Where an IO/DR refers specifically to an inspector but does not clarify who the inspector might be, it is deemed to refer to a public sector body. For the purpose of distinguishing third party and non-third party administrative costs, an obligation to a third party arises only if it is exclusively owed to third parties (e.g. parents). Therefore, there are some obligations that apply to third parties that are not flagged as such because they also apply to public sector bodies

<sup>30</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

<sup>31</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|   | Third party     |                 |                   | Non-third Party |                 |                   | Total administrative costs |                 |                   |
|---|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|----------------------------|-----------------|-------------------|
|   | Internal cost % | External cost % | Total £ (million) | Internal cost % | External cost % | Total £ (million) | Internal cost %            | External cost % | Total £ (million) |
| Regulation (EC) No. 1829/2003 of the European Parliament and of the Council     | 100%            | 0%              | £1.3              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £1.3              |
| Honey (England) Regulations 2003 as amended                                     | 100%            | 0%              | £0.8              | -               | -               | £0.0              | 100%                       | 0%              | £0.8              |
| Quick-frozen Foodstuffs Regulations 1990 (as amended)                           | -               | -               | £0.0              | 34%             | 66%             | £0.7              | 34%                        | 66%             | £0.7              |
| Medical Food (England) Regulations 2000   | 100%            | 0%              | £0.0              | 8%              | 92%             | £0.6              | 8%                         | 92%             | £0.6              |
| Food Additives Labelling Regulations 1992                                       | 15%             | 85%             | £0.4              | -               | -               | £0.0              | 15%                        | 85%             | £0.4              |
| Wild Game Meat (Hygiene and Inspection) Regulations 1995 <sup>32</sup>          | 96%             | 4%              | £0.0              | 24%             | 76%             | £0.2              | 36%                        | 64%             | £0.3              |
| Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999 | 13%             | 87%             | £0.2              | 73%             | 27%             | £0.0              | 15%                        | 85%             | £0.2              |
| Bread and Flour Regulations 1998  | 100%            | 0%              | £0.2              | -               | -               | £0.0              | 100%                       | 0%              | £0.2              |
| Cocoa and Chocolate Products (England) Regulations 2003                         | 89%             | 11%             | £0.2              | -               | -               | £0.0              | 89%                        | 11%             | £0.2              |
| Feeding Stuffs (Establishments and Intermediaries) Regulations 1999             | -               | -               | £0.0              | 100%            | 0%              | £0.1              | 100%                       | 0%              | £0.1              |
| Egg Products Regulations 1993 <sup>33</sup>                                     | 100%            | 0%              | £0.0              | 60%             | 40%             | £0.0              | 82%                        | 18%             | £0.1              |
| Extraction Solvents in Food Regulations 1993                                    | 13%             | 87%             | £0.0              | -               | -               | £0.0              | 13%                        | 87%             | £0.0              |
| Specified Sugar Products (England) Regulations 2003                             | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Fresh Meat (Beef Controls) (No. 2) Regulations 1996                             | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |

<sup>32</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006.

<sup>33</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006.

|   | Third party     |                 |                   | Non-third Party |                 |                   | Total administrative costs |                 |                   |
|---|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|----------------------------|-----------------|-------------------|
|   | Internal cost % | External cost % | Total £ (million) | Internal cost % | External cost % | Total £ (million) | Internal cost %            | External cost % | Total £ (million) |
| Meat (Hygiene and Inspection) (Charges) Regulations 1998 <sup>34</sup>  | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Flavourings in Food Regulations 1992  | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Jam and Similar Products (England) Regulations 2003   | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Food Supplements (England) Regulations 2003   | 100%            | 0%              | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Genetically Modified Animal Feed (England) Regulations 2004   | 100%            | 0%              | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Genetically Modified Food (England) Regulations 2004  | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Regulation (EC) No. 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food, and repealing Council Directives 89/109/EEC and 80/590/EEC | 100%            | 0%              | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Food (Control of Irradiation) Regulations 1990  | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Notification of Marketing of Food for Particular Nutritional Uses (England and Wales) Regulations 2002  | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Food for Particular Nutritional Uses (Addition of Substances for Specific Nutritional Purposes) (England) Regulations 2002  | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Coffee Extracts and Chicory Extracts (England) Regulations 2000   | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Imported Food Regulations 1984  | 100%            | 0%              | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |

|   | Third party     |                 |                   | Non-third Party |                 |                   | Total administrative costs |                 |                   |
|---|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|----------------------------|-----------------|-------------------|
|   | Internal cost % | External cost % | Total £ (million) | Internal cost % | External cost % | Total £ (million) | Internal cost %            | External cost % | Total £ (million) |
| Collagen and Gelatine (Intra-Community Trade) (England) (No. 2) Regulations 2003 <sup>34</sup>        | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| The Sweeteners in Food Regulations 1995   | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Animal By-Products (Identification) Regulations 1995  | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Plastic Materials and Articles in Contact with Food Regulations 1998                                  | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Ice-Cream (Heat Treatment, etc.) Regulations 1959 <sup>35</sup>                                       | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Foods Intended for Use in Energy Restricted Diets for Weight Reduction Regulations 1997               | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Infant Formula and Follow-on Formula Regulations 1995   | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Feed (Corn Gluten Feed and Brewers Grains) (Emergency Control) (England) Regulations 2005             | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Fruit Juices and Fruit Nectars (England) Regulations 2003   | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Processed Cereal-based Foods and Baby Foods for Infants and Young Children (England) Regulations 2003 | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Gelatine (Intra-Community Trade) (England) Regulations 2001 <sup>35</sup>                             | -               | -               | £0.0              | 100%            | 0%              | £0.0              | 100%                       | 0%              | £0.0              |
| Spreadable Fats (Marketing Standards) (England) Regulations 1999                                      | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Condensed Milk and Dried Milk (England) Regulations 2003  | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |

<sup>34</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

<sup>35</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|   | Third party     |                 |                   | Non-third Party |                 |                   | Total administrative costs |                 |                   |
|---|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|----------------------------|-----------------|-------------------|
|   | Internal cost % | External cost % | Total £ (million) | Internal cost % | External cost % | Total £ (million) | Internal cost %            | External cost % | Total £ (million) |
| Casein and Caseinates Regulations 1985                        | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| Food with Added Phytosterols or Phytostanols Regulations 2004 | 100%            | 0%              | £0.0              | -               | -               | £0.0              | 100%                       | 0%              | £0.0              |
| <b>FSA Total</b>  | <b>61%</b>      | <b>39%</b>      | <b>£40.8</b>      | <b>78%</b>      | <b>22%</b>      | <b>£87.3</b>      | <b>73%</b>                 | <b>27%</b>      | <b>£128.1</b>     |

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 18 below summarises the origin breakdown for each regulation.

The regulations have been listed in order of the total administrative cost, with the highest cost regulation shown first.

**Table 18: Administrative costs by origin**

|  | International, no domestic discretion (A) |                       | International, domestic discretion (B) |                       | Domestic (C) |                       | Total admin costs £ (million) |
|--|---|-----------------------|--|-----------------------|--------------|-----------------------|-------------------------------|
|  | £ (million)                               | % of Regulation total | £ (million)                            | % of Regulation total | £ (million)  | % of Regulation total |                               |
| Regulation (EC) No. 178/2002 of the European Parliament and of the Council                 | £30.2                                     | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £30.2                         |
| Dairy Products (Hygiene) Regulations 1995 <sup>36</sup>                                    | £1.9                                      | 8%                    | £22.1                                  | 92%                   | £0.0         | 0%                    | £24.0                         |
| Fresh Meat (Hygiene and Inspection) Regulations 1995 <sup>37</sup>                         | £5.8                                      | 38%                   | £9.3                                   | 62%                   | £0.0         | 0%                    | £15.1                         |
| Meat Products (England) Regulations 2003   | £0.0                                      | 0%                    | £12.1                                  | 100%                  | £0.0         | 0%                    | £12.1                         |
| Meat Products (Hygiene) Regulations 1994 <sup>37</sup>                                     | £1.4                                      | 13%                   | £8.6                                   | 79%                   | £0.9         | 9%                    | £10.9                         |
| Feeding Stuffs Regulations 2000  | £9.3                                      | 97%                   | £0.0                                   | 0%                    | £0.2         | 3%                    | £9.5                          |
| Food Labelling Regulations 1996  | £7.2                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £7.2                          |
| Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998 <sup>38</sup> | £0.8                                      | 12%                   | £5.7                                   | 88%                   | £0.0         | 0%                    | £6.5                          |

<sup>36</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

<sup>37</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|   | International, no domestic discretion (A) |                       | International, domestic discretion (B) |                       | Domestic (C) |                       | Total admin costs £ (million) |
|---|---|-----------------------|--|-----------------------|--------------|-----------------------|-------------------------------|
|   | £ (million)                               | % of Regulation total | £ (million)                            | % of Regulation total | £ (million)  | % of Regulation total |                               |
| Minced Meat and Meat Preparations (Hygiene) Regulations 1995 <sup>38</sup>                                  | £3.2                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £3.2                          |
| Poultry Meat, Farmed Game Bird Meat and Rabbit Meat (Hygiene and Inspection) Regulations 1995 <sup>38</sup> | £0.7                                      | 48%                   | £0.8                                   | 52%                   | £0.0         | 0%                    | £1.6                          |
| Food Safety (General Food Hygiene) Regulations 1995 <sup>38</sup>   | £0.0                                      | 0%                    | £1.5                                   | 100%                  | £0.0         | 0%                    | £1.5                          |
| Food Premises (Registration) Regulations 1991 (as amended) <sup>38</sup>                                    | £0.0                                      | 0%                    | £0.0                                   | 0%                    | £1.4         | 100%                  | £1.4                          |
| Regulation (EC) No. 1829/2003 of the European Parliament and of the Council                                 | £1.3                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £1.3                          |
| Honey (England) Regulations 2003 as amended   | £0.8                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.8                          |
| Quick-frozen Foodstuffs Regulations 1990 (as amended)   | £0.0                                      | 0%                    | £0.7                                   | 100%                  | £0.0         | 0%                    | £0.7                          |
| Medical Food (England) Regulations 2000   | £0.0                                      | 0%                    | £0.6                                   | 100%                  | £0.0         | 0%                    | £0.6                          |
| Food Additives Labelling Regulations 1992   | £0.4                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.4                          |
| Wild Game Meat (Hygiene and Inspection) Regulations 1995 <sup>38</sup>                                      | £0.0                                      | 8%                    | £0.2                                   | 92%                   | £0.0         | 0%                    | £0.3                          |
| Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999                             | £0.0                                      | 0%                    | £0.2                                   | 100%                  | £0.0         | 0%                    | £0.2                          |
| Bread and Flour Regulations 1998  | £0.0                                      | 0%                    | £0.0                                   | 0%                    | £0.2         | 100%                  | £0.2                          |
| Cocoa and Chocolate Products (England) Regulations 2003   | £0.2                                      | 80%                   | £0.0                                   | 20%                   | £0.0         | 0%                    | £0.2                          |

<sup>38</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|   | International, no domestic discretion (A) |                       | International, domestic discretion (B) |                       | Domestic (C) |                       | Total admin costs £ (million) |
|---|---|-----------------------|--|-----------------------|--------------|-----------------------|-------------------------------|
|   | £ (million)                               | % of Regulation total | £ (million)                            | % of Regulation total | £ (million)  | % of Regulation total |                               |
| Feeding Stuffs (Establishments and Intermediaries) Regulations 1999   | £0.1                                      | 42%                   | £0.1                                   | 58%                   | £0.0         | 0%                    | £0.1                          |
| Egg Products Regulations 1993 <sup>39</sup>   | £0.0                                      | 0%                    | £0.1                                   | 100%                  | £0.0         | 0%                    | £0.1                          |
| Extraction Solvents in Food Regulations 1993  | £0.0                                      | 0%                    | £0.0                                   | 0%                    | £0.0         | 100%                  | £0.0                          |
| Specified Sugar Products (England) Regulations 2003   | £0.0                                      | 0%                    | £0.0                                   | 100%                  | £0.0         | 0%                    | £0.0                          |
| Fresh Meat (Beef Controls) (No. 2) Regulations 1996   | £0.0                                      | 0%                    | £0.0                                   | 0%                    | £0.0         | 100%                  | £0.0                          |
| Meat (Hygiene and Inspection) (Charges) Regulations 1998 <sup>40</sup>  | £0.0                                      | 0%                    | £0.0                                   | 100%                  | £0.0         | 0%                    | £0.0                          |
| Flavourings in Food Regulations 1992  | £0.0                                      | 96%                   | £0.0                                   | 4%                    | £0.0         | 0%                    | £0.0                          |
| Jam and Similar Products (England) Regulations 2003   | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Food Supplements (England) Regulations 2003   | £0.0                                      | 52%                   | £0.0                                   | 48%                   | £0.0         | 0%                    | £0.0                          |
| Genetically Modified Animal Feed (England) Regulations 2004   | £0.0                                      | 0%                    | £0.0                                   | 100%                  | £0.0         | 0%                    | £0.0                          |
| Genetically Modified Food (England) Regulations 2004  | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Regulation (EC) No. 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food, and repealing Council Directives 89/109/EEC and 80/590/EEC | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Food (Control of Irradiation) Regulations 1990  | £0.0                                      | 32%                   | £0.0                                   | 68%                   | £0.0         | 0%                    | £0.0                          |

<sup>39</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|  | International, no domestic discretion (A) |                       | International, domestic discretion (B) |                       | Domestic (C) |                       | Total admin costs £ (million) |
|--|---|-----------------------|--|-----------------------|--------------|-----------------------|-------------------------------|
|  | £ (million)                               | % of Regulation total | £ (million)                            | % of Regulation total | £ (million)  | % of Regulation total |                               |
| Notification of Marketing of Food for Particular Nutritional Uses (England and Wales) Regulations 2002                     | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Food for Particular Nutritional Uses (Addition of Substances for Specific Nutritional Purposes) (England) Regulations 2002 | £0.0                                      | 0%                    | £0.0                                   | 100%                  | £0.0         | 0%                    | £0.0                          |
| Coffee Extracts and Chicory Extracts (England) Regulations 2000  | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Imported Food Regulations 1984   | £0.0                                      | 57%                   | £0.0                                   | 11%                   | £0.0         | 31%                   | £0.0                          |
| Collagen and Gelatine (Intra-Community Trade) (England) (No. 2) Regulations 2003 <sup>40</sup>                             | £0.0                                      | 36%                   | £0.0                                   | 57%                   | £0.0         | 6%                    | £0.0                          |
| The Sweeteners in Food Regulations 1995  | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Animal By-Products (Identification) Regulations 1995   | £0.0                                      | 0%                    | £0.0                                   | 100%                  | £0.0         | 0%                    | £0.0                          |
| Plastic Materials and Articles in Contact with Food Regulations 1998   | £0.0                                      | 0%                    | £0.0                                   | 100%                  | £0.0         | 0%                    | £0.0                          |
| Ice-Cream (Heat Treatment, etc.) Regulations 1959 <sup>41</sup>  | £0.0                                      | 0%                    | £0.0                                   | 0%                    | £0.0         | 100%                  | £0.0                          |
| Foods Intended for Use in Energy Restricted Diets for Weight Reduction Regulations 1997                                    | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Infant Formula and Follow-on Formula Regulations 1995  | £0.0                                      | 60%                   | £0.0                                   | 41%                   | £0.0         | 0%                    | £0.0                          |

<sup>40</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

<sup>41</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|   | International, no domestic discretion (A) |                       | International, domestic discretion (B) |                       | Domestic (C) |                       | Total admin costs £ (million) |
|---|---|-----------------------|--|-----------------------|--------------|-----------------------|-------------------------------|
|   | £ (million)                               | % of Regulation total | £ (million)                            | % of Regulation total | £ (million)  | % of Regulation total |                               |
| Feed (Corn Gluten Feed and Brewers Grains) (Emergency Control) (England) Regulations 2005             | £0.0                                      | 0%                    | £0.0                                   | 100%                  | £0.0         | 0%                    | £0.0                          |
| Fruit Juices and Fruit Nectars (England) Regulations 2003   | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Processed Cereal-based Foods and Baby Foods for Infants and Young Children (England) Regulations 2003 | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Gelatine (Intra-Community Trade) (England) Regulations 2001 <sup>42</sup>                             | £0.0                                      | 100%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Spreadable Fats (Marketing Standards) (England) Regulations 1999                                      | £0.0                                      | 0%                    | £0.0                                   | 100%                  | £0.0         | 0%                    | £0.0                          |
| Condensed Milk and Dried Milk (England) Regulations 2003  | £0.0                                      | 101%                  | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| Casein and Caseinates Regulations 1985  | £0.0                                      | 0%                    | £0.0                                   | 0%                    | £0.0         | 99%                   | £0.0                          |
| Food with Added Phytosterols or Phytostanols Regulations 2004   | £0.0                                      | 99%                   | £0.0                                   | 0%                    | £0.0         | 0%                    | £0.0                          |
| <b>FSA Total</b>  | <b>£63.3</b>                              |                       | <b>£62.0</b>                           |                       | <b>£2.8</b>  |                       | <b>£128.1</b>                 |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

<sup>42</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

Table 19 below summarises the breakdown of third party/non-third party administrative costs by origin. This table is at summary level only.

**Table 19: Summary administrative costs by origin by third party/non-third party**

|                      | International, no domestic discretion (A)<br>£ (million) |                 |              | International, domestic discretion (B)<br>£ (million) |                 |              | Domestic (C)<br>£ (million) |                 |             | Total<br>£ million |
|----------------------|--|-----------------|--------------|---|-----------------|--------------|-----------------------------|-----------------|-------------|--------------------|
|                      | Third party  | Non-third party | Total        | Third party   | Non-third party | Total        | Third party                 | Non-third party | Total       |                    |
| <b>Total For FSA</b> | <b>£23.6</b>   | <b>£39.7</b>    | <b>£63.3</b> | <b>£16.1</b>  | <b>£45.9</b>    | <b>£62.0</b> | <b>£1.1</b>                 | <b>£1.7</b>     | <b>£2.8</b> | <b>£128.1</b>      |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

Table 20 below shows a more detailed breakdown of administrative costs by origin according to type (as defined in the UK Standard Cost Manual) by regulation.

The regulations have been listed in order of the total administrative cost, with the highest cost regulation shown first.

**Table 20: Administrative costs by sub category by origin by regulation**

|  | International, no domestic discretion (A) |                               |                                       |              | International, domestic discretion (B) |                               |                                       |              | Domestic (C) |
|--|---|-------------------------------|---------------------------------------|--------------|--|-------------------------------|---------------------------------------|--------------|--------------|
|  | 1: EU Regulation<br>£ (million)           | 2: EU Directive<br>£(million) | 3: Other International<br>£ (million) | % for type A | 1: EU Regulation<br>£ (million)        | 2: EU Directive<br>£(million) | 3: Other International<br>£ (million) | % for type B | % for type C |
| Regulation (EC) No. 178/2002 of the European Parliament and of the Council | £30.2                                     | £0.0                          | £0.0                                  | 100%         | £0.0                                   | £0.0                          | £0.0                                  | 0%           | 0%           |
| Dairy Products (Hygiene) Regulations 1995 <sup>43</sup>                    | £0.0                                      | £1.9                          | £0.0                                  | 8%           | £0.1                                   | £22.1                         | £0.0                                  | 92%          | 0%           |
| Fresh Meat (Hygiene and Inspection) Regulations 1995 <sup>44</sup>         | £0.0                                      | £5.8                          | £0.0                                  | 38%          | £0.0                                   | £9.3                          | £0.0                                  | 62%          | 0%           |
| Meat Products (England) Regulations 2003                                   | £0.0                                      | £0.0                          | £0.0                                  | 0%           | £12.1                                  | £0.0                          | £0.0                                  | 100%         | 0%           |
| Meat Products (Hygiene) Regulations 1994 <sup>44</sup>                     | £1.4                                      | £0.0                          | £0.0                                  | 13%          | £8.6                                   | £0.0                          | £0.0                                  | 79%          | 9%           |
| Feeding Stuffs Regulations 2000  | £0.0                                      | £9.3                          | £0.0                                  | 97%          | £0.0                                   | £0.0                          | £0.0                                  | 0%           | 3%           |
| Food Labelling Regulations 1996  | £0.0                                      | £7.2                          | £0.0                                  | 100%         | £0.0                                   | £0.0                          | £0.0                                  | 0%           | 0%           |

<sup>43</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|   | International,<br>no domestic discretion (A) |                                  |  |                    | International,<br>domestic discretion (B) |                                  |  |                    | Domestic<br>(C) |
|---|--|----------------------------------|--|--------------------|---|----------------------------------|--|--------------------|-----------------|
|   | 1: EU<br>Regulation<br>£ (million)           | 2: EU<br>Directive<br>£(million) | 3: Other<br>International<br>£ (million) | % for<br>type<br>A | 1: EU<br>Regulation<br>£ (million)        | 2: EU<br>Directive<br>£(million) | 3: Other<br>International<br>£ (million) | % for<br>type<br>B | % for type<br>C |
| Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998 <sup>44</sup>                  | £0.8   | £0.0                             | £0.0                                     | 12%                | £5.7                                      | £0.0                             | £0.0                                     | 88%                | 0%              |
| Minced Meat and Meat Preparations (Hygiene) Regulations 1995 <sup>44</sup>                                  | £0.0   | £3.2                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Poultry Meat, Farmed Game Bird Meat and Rabbit Meat (Hygiene and Inspection) Regulations 1995 <sup>44</sup> | £0.7   | £0.0                             | £0.0                                     | 48%                | £0.8                                      | £0.0                             | £0.0                                     | 52%                | 0%              |
| Food Safety (General Food Hygiene) Regulations 1995 <sup>45</sup>   | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £1.5                             | £0.0                                     | 100%               | 0%              |
| Food Premises (Registration) Regulations 1991 (as amended) <sup>45</sup>                                    | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 100%            |
| Regulation (EC) No. 1829/2003 of the European Parliament and of the Council                                 | £1.3   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Honey (England) Regulations 2003 as amended   | £0.8   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Quick-frozen Foodstuffs Regulations 1990 (as amended)   | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.7                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Medical Food (England) Regulations 2000   | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.6                             | £0.0                                     | 100%               | 0%              |
| Food Additives Labelling Regulations 1992   | £0.0   | £0.4                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Wild Game Meat (Hygiene and Inspection) Regulations 1995 <sup>45</sup>                                      | £0.0   | £0.0                             | £0.0                                     | 8%                 | £0.2                                      | £0.0                             | £0.0                                     | 92%                | 0%              |
| Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999                             | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.2                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Bread and Flour Regulations 1998  | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 100%            |

<sup>44</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

<sup>45</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|   | International,<br>no domestic discretion (A) |                                  |  |                    | International,<br>domestic discretion (B) |                                  |  |                    | Domestic<br>(C) |
|---|--|----------------------------------|--|--------------------|---|----------------------------------|--|--------------------|-----------------|
|   | 1: EU<br>Regulation<br>£ (million)           | 2: EU<br>Directive<br>£(million) | 3: Other<br>International<br>£ (million) | % for<br>type<br>A | 1: EU<br>Regulation<br>£ (million)        | 2: EU<br>Directive<br>£(million) | 3: Other<br>International<br>£ (million) | % for<br>type<br>B | % for type<br>C |
| Cocoa and Chocolate Products (England) Regulations 2003   | £0.2   | £0.0                             | £0.0                                     | 80%                | £0.0                                      | £0.0                             | £0.0                                     | 20%                | 0%              |
| Feeding Stuffs (Establishments and Intermediaries) Regulations 1999   | £0.0   | £0.1                             | £0.0                                     | 42%                | £0.0                                      | £0.1                             | £0.0                                     | 58%                | 0%              |
| Egg Products Regulations 1993 <sup>46</sup>   | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.1                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Extraction Solvents in Food Regulations 1993  | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 100%            |
| Specified Sugar Products (England) Regulations 2003   | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Fresh Meat (Beef Controls) (No. 2) Regulations 1996   | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 100%            |
| Meat (Hygiene and Inspection) (Charges) Regulations 1998 <sup>46</sup>  | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Flavourings in Food Regulations 1992  | £0.0   | £0.0                             | £0.0                                     | 96%                | £0.0                                      | £0.0                             | £0.0                                     | 4%                 | 0%              |
| Jam and Similar Products (England) Regulations 2003   | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Food Supplements (England) Regulations 2003   | £0.0   | £0.0                             | £0.0                                     | 52%                | £0.0                                      | £0.0                             | £0.0                                     | 48%                | 0%              |
| Genetically Modified Animal Feed (England) Regulations 2004   | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Genetically Modified Food (England) Regulations 2004  | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Regulation (EC) No. 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food, and repealing Council Directives 89/109/EEC and 80/590/EEC | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |

<sup>46</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|  | International,<br>no domestic discretion (A) |                                  |  |                    | International,<br>domestic discretion (B) |                                  |  |                    | Domestic<br>(C) |
|--|--|----------------------------------|--|--------------------|---|----------------------------------|--|--------------------|-----------------|
|  | 1: EU<br>Regulation<br>£ (million)           | 2: EU<br>Directive<br>£(million) | 3: Other<br>International<br>£ (million) | % for<br>type<br>A | 1: EU<br>Regulation<br>£ (million)        | 2: EU<br>Directive<br>£(million) | 3: Other<br>International<br>£ (million) | % for<br>type<br>B | % for type<br>C |
| Food (Control of Irradiation) Regulations 1990   | £0.0   | £0.0                             | £0.0                                     | 32%                | £0.0                                      | £0.0                             | £0.0                                     | 68%                | 0%              |
| Notification of Marketing of Food for Particular Nutritional Uses (England and Wales) Regulations 2002                     | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Food for Particular Nutritional Uses (Addition of Substances for Specific Nutritional Purposes) (England) Regulations 2002 | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Coffee Extracts and Chicory Extracts (England) Regulations 2000  | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Imported Food Regulations 1984   | £0.0   | £0.0                             | £0.0                                     | 57%                | £0.0                                      | £0.0                             | £0.0                                     | 12%                | 31%             |
| Collagen and Gelatine (Intra-Community Trade) (England) (No. 2) Regulations 2003 <sup>47</sup>                             | £0.0   | £0.0                             | £0.0                                     | 36%                | £0.0                                      | £0.0                             | £0.0                                     | 57%                | 6%              |
| The Sweeteners in Food Regulations 1995  | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Animal By-Products (Identification) Regulations 1995   | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Plastic Materials and Articles in Contact with Food Regulations 1998   | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Ice-Cream (Heat Treatment, etc.) Regulations 1959 <sup>48</sup>  | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 100%            |
| Foods Intended for Use in Energy Restricted Diets for Weight Reduction Regulations 1997                                    | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Infant Formula and Follow-on Formula Regulations 1995  | £0.0   | £0.0                             | £0.0                                     | 60%                | £0.0                                      | £0.0                             | £0.0                                     | 40%                | 0%              |

<sup>47</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

|   | International,<br>no domestic discretion (A) |                                  |  |                    | International,<br>domestic discretion (B) |                                  |  |                    | Domestic<br>(C) |
|---|--|----------------------------------|--|--------------------|---|----------------------------------|--|--------------------|-----------------|
|   | 1: EU<br>Regulation<br>£ (million)           | 2: EU<br>Directive<br>£(million) | 3: Other<br>International<br>£ (million) | % for<br>type<br>A | 1: EU<br>Regulation<br>£ (million)        | 2: EU<br>Directive<br>£(million) | 3: Other<br>International<br>£ (million) | % for<br>type<br>B | % for type<br>C |
| Feed (Corn Gluten Feed and Brewers Grains) (Emergency Control) (England) Regulations 2005             | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Fruit Juices and Fruit Nectars (England) Regulations 2003   | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Processed Cereal-based Foods and Baby Foods for Infants and Young Children (England) Regulations 2003 | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Gelatine (Intra-Community Trade) (England) Regulations 2001 <sup>48</sup>                             | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Spreadable Fats (Marketing Standards) (England) Regulations 1999                                      | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 100%               | 0%              |
| Condensed Milk and Dried Milk (England) Regulations 2003  | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| Casein and Caseinates Regulations 1985  | £0.0   | £0.0                             | £0.0                                     | 0%                 | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 100%            |
| Food with Added Phytosterols or Phytostanols Regulations 2004   | £0.0   | £0.0                             | £0.0                                     | 100%               | £0.0                                      | £0.0                             | £0.0                                     | 0%                 | 0%              |
| <b>Total for FSA</b>  | <b>£35.4</b>                                 | <b>£27.9</b>                     | <b>£0.0</b>                              | <b>49%</b>         | <b>£28.5</b>                              | <b>£33.5</b>                     | <b>£0.0</b>                              | <b>48%</b>         | <b>2%</b>       |

Note: The percentage shown is the proportion of the administrative cost for type A,B and C as a proportion of the administrative cost for the reporting unit/department overall i.e. by row.

Footnote: The costs shown in this Table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

<sup>48</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006

Table 21 shows the percentage origin for all regulations in the department.

The regulations have been listed in order of the total administrative cost, with the highest cost regulation shown first.

**Table 21: Percentage administrative cost by origin by regulation**

| Regulation  | Total administrative cost |                       | % Cost by origin |      |      |
|---|---------------------------|-----------------------|------------------|------|------|
|   | £ (million)               | % of department total | A                | B    | C    |
| Regulation (EC) No. 178/2002 of the European Parliament and of the Council                                  | £30.2                     | 24%                   | 100%             | 0%   | 0%   |
| Dairy Products (Hygiene) Regulations 1995 <sup>49</sup>   | £24.0                     | 19%                   | 8%               | 92%  | 0%   |
| Fresh Meat (Hygiene and Inspection) Regulations 1995 <sup>50</sup>  | £15.1                     | 12%                   | 38%              | 62%  | 0%   |
| Meat Products (England) Regulations 2003  | £12.1                     | 9%                    | 0%               | 100% | 0%   |
| Meat Products (Hygiene) Regulations 1994 <sup>50</sup>  | £10.9                     | 8%                    | 13%              | 79%  | 9%   |
| Feeding Stuffs Regulations 2000   | £9.5                      | 7%                    | 97%              | 0%   | 3%   |
| Food Labelling Regulations 1996   | £7.2                      | 6%                    | 100%             | 0%   | 0%   |
| Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998 <sup>51</sup>                  | £6.5                      | 5%                    | 12%              | 88%  | 0%   |
| Minced Meat and Meat Preparations (Hygiene) Regulations 1995 <sup>51</sup>                                  | £3.2                      | 2%                    | 100%             | 0%   | 0%   |
| Poultry Meat, Farmed Game Bird Meat and Rabbit Meat (Hygiene and Inspection) Regulations 1995 <sup>51</sup> | £1.6                      | 1%                    | 48%              | 52%  | 0%   |
| Food Safety (General Food Hygiene) Regulations 1995 <sup>51</sup>   | £1.5                      | 1%                    | 0%               | 100% | 0%   |
| Food Premises (Registration) Regulations 1991 (as amended) <sup>50</sup>                                    | £1.4                      | 1%                    | 0%               | 0%   | 100% |
| Regulation (EC) No. 1829/2003 of the European Parliament and of the Council                                 | £1.3                      | 1%                    | 100%             | 0%   | 0%   |
| Honey (England) Regulations 2003 as amended   | £0.8                      | 1%                    | 100%             | 0%   | 0%   |
| Quick-frozen Foodstuffs Regulations 1990 (as amended)   | £0.7                      | 1%                    | 0%               | 100% | 0%   |
| Medical Food (England) Regulations 2000   | £0.6                      | 0%                    | 0%               | 100% | 0%   |
| Food Additives Labelling Regulations 1992   | £0.4                      | 0%                    | 100%             | 0%   | 0%   |
| Wild Game Meat (Hygiene and Inspection) Regulations 1995 <sup>51</sup>                                      | £0.3                      | 0%                    | 8%               | 92%  | 0%   |
| Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999                             | £0.2                      | 0%                    | 0%               | 100% | 0%   |
| Bread and Flour Regulations 1998  | £0.2                      | 0%                    | 0%               | 0%   | 100% |
| Cocoa and Chocolate Products (England) Regulations 2003   | £0.2                      | 0%                    | 80%              | 20%  | 0%   |
| Feeding Stuffs (Establishments and Intermediaries) Regulations 1999   | £0.1                      | 0%                    | 42%              | 58%  | 0%   |

<sup>49</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006.

<sup>50</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006.

| Regulation  | Total administrative cost |                       | % Cost by origin |      |      |
|---|---------------------------|-----------------------|------------------|------|------|
|   | £ (million)               | % of department total | A                | B    | C    |
| Egg Products Regulations 1993 <sup>51</sup>   | £0.1                      | 0%                    | 0%               | 100% | 0%   |
| Extraction Solvents in Food Regulations 1993  | £0.0                      | 0%                    | 0%               | 0%   | 100% |
| Specified Sugar Products (England) Regulations 2003   | £0.0                      | 0%                    | 0%               | 100% | 0%   |
| Fresh Meat (Beef Controls) (No. 2) Regulations 1996   | £0.0                      | 0%                    | 0%               | 0%   | 100% |
| Meat (Hygiene and Inspection) (Charges) Regulations 1998 <sup>51</sup>  | £0.0                      | 0%                    | 0%               | 100% | 0%   |
| Flavourings in Food Regulations 1992  | £0.0                      | 0%                    | 96%              | 4%   | 0%   |
| Jam and Similar Products (England) Regulations 2003   | £0.0                      | 0%                    | 100%             | 0%   | 0%   |
| Food Supplements (England) Regulations 2003   | £0.0                      | 0%                    | 52%              | 48%  | 0%   |
| Genetically Modified Animal Feed (England) Regulations 2004   | £0.0                      | 0%                    | 0%               | 100% | 0%   |
| Genetically Modified Food (England) Regulations 2004  | £0.0                      | 0%                    | 100%             | 0%   | 0%   |
| Regulation (EC) No. 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food, and repealing Council Directives 89/109/EEC and 80/590/EEC | £0.0                      | 0%                    | 100%             | 0%   | 0%   |
| Food (Control of Irradiation) Regulations 1990  | £0.0                      | 0%                    | 32%              | 68%  | 0%   |
| Notification of Marketing of Food for Particular Nutritional Uses (England and Wales) Regulations 2002  | £0.0                      | 0%                    | 100%             | 0%   | 0%   |
| Food for Particular Nutritional Uses (Addition of Substances for Specific Nutritional Purposes) (England) Regulations 2002  | £0.0                      | 0%                    | 0%               | 100% | 0%   |
| Coffee Extracts and Chicory Extracts (England) Regulations 2000   | £0.0                      | 0%                    | 100%             | 0%   | 0%   |
| Imported Food Regulations 1984  | £0.0                      | 0%                    | 57%              | 12%  | 31%  |
| Collagen and Gelatine (Intra-Community Trade) (England) (No. 2) Regulations 2003 <sup>51</sup>  | £0.0                      | 0%                    | 36%              | 57%  | 6%   |
| The Sweeteners in Food Regulations 1995   | £0.0                      | 0%                    | 100%             | 0%   | 0%   |
| Animal By-Products (Identification) Regulations 1995  | £0.0                      | 0%                    | 0%               | 100% | 0%   |
| Plastic Materials and Articles in Contact with Food Regulations 1998  | £0.0                      | 0%                    | 0%               | 100% | 0%   |
| Ice-Cream (Heat Treatment, etc.) Regulations 1959 <sup>52</sup>   | £0.0                      | 0%                    | 0%               | 0%   | 100% |
| Foods Intended for Use in Energy Restricted Diets for Weight Reduction Regulations 1997   | £0.0                      | 0%                    | 100%             | 0%   | 0%   |
| Infant Formula and Follow-on Formula Regulations 1995   | £0.0                      | 0%                    | 60%              | 40%  | 0%   |
| Feed (Corn Gluten Feed and Brewers Grains) (Emergency Control) (England) Regulations 2005   | £0.0                      | 0%                    | 0%               | 100% | 0%   |

<sup>51</sup> Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006.

| Regulation  | Total administrative cost |                       | % Cost by origin |            |           |
|---|---------------------------|-----------------------|------------------|------------|-----------|
|   | £ (million)               | % of department total | A                | B          | C         |
| Fruit Juices and Fruit Nectars (England) Regulations 2003   | £0.0                      | 0%                    | 100%             | 0%         | 0%        |
| Processed Cereal-based Foods and Baby Foods for Infants and Young Children (England) Regulations 2003 | £0.0                      | 0%                    | 100%             | 0%         | 0%        |
| Gelatine (Intra-Community Trade) (England) Regulations 2001 <sup>52</sup>                             | £0.0                      | 0%                    | 100%             | 0%         | 0%        |
| Spreadable Fats (Marketing Standards) (England) Regulations 1999                                      | £0.0                      | 0%                    | 0%               | 100%       | 0%        |
| Condensed Milk and Dried Milk (England) Regulations 2003  | £0.0                      | 0%                    | 100%             | 0%         | 0%        |
| Casein and Caseinates Regulations 1985  | £0.0                      | 0%                    | 0%               | 0%         | 100%      |
| Food with Added Phytosterols or Phytosteranols Regulations 2004                                       | £0.0                      | 0%                    | 100%             | 0%         | 0%        |
| <b>FSA Total</b>  | <b>£128.1</b>             | <b>100%</b>           | <b>49%</b>       | <b>48%</b> | <b>2%</b> |

*Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).*

<sup>52</sup> *Revoked and replaced by new EU food hygiene regulations which came into effect from 1 January 2006.*

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