Title: RETAINED EU LAW (REFORM & REVOCATION) BILL **IA No:** BEIS076(F)-22-BOU **RPC Reference No: RPC-CO-5223(1)** **Lead department or agency:** Cabinet Office/BEIS **Other departments or agencies:**	Impact Assessment (IA) **Date: 26/09/2022** **Stage: Final** **Source of intervention: Domestic** **Type of measure: Primary** **Contact for enquiries:** N/A

Summary: Intervention and Options

RPC Opinion: Red Rated

Cost of Preferred (or more likely) Option (in 2019 prices)			
Total Net Present Social Value	**Business Net Present Value**	**Net cost to business per year**	**Business Impact Target Status**

What is the problem under consideration? Why is government action or intervention necessary?

To maintain legal certainty at the end of the Transition Period (31 December 2020 at 11pm) after leaving the EU, EU law that applied in the UK immediately before that point was retained in our domestic statute book.That body of law is known as “retained EU law” (hereafter REUL). We are now in a position to remove and reform REUL, so that we remove outdated EU law concepts and obligations derived from EU law from our statute book. In addressing this, this Bill will firmly reestablish our Parliament as the principal source of law in the UK, with Acts of Parliament restored to primacy.

However, due to the way in which much of this law was retained, most departments lack powers to make even small technical changes to existing REUL. Given the pressure on parliamentary time and the legislative timetable, many of these technical changes, while important to boost growth, will never be a priority for primary legislation, and therefore much needed change could take decades to occur. Therefore, in order to remove the outdated regulation that may be hampering growth, a different approach is needed.

The Bill is an enabling Bill, and its measures will enable departments to more easily amend, repeal and replace more than 2,400 pieces of REUL as well as removing much of the EU law concepts currently embedded within REUL. Specifically, the Bill will downgrade the status of retained Direct EU legislation (RDEUL), end the principle of supremacy of EU law, give domestic courts more discretion to depart from retained case law, and will take secondary powers to amend, repeal and replace REUL. It will also sunset any REUL that has not been assimilated into UK law 31 December 2023.

What are the policy objectives of the action or intervention and the intended effects?

The primary objective of the Retained EU Law (Reform and Revocation) Bill - the 'REUL Bill' - is to restore the sovereignty of UK legislation and make it easier for departments to amend, repeal or replace REUL that does not work for the UK.

To achieve this, the Bill will provide for a 'sunset' for retained EU legislation (REUL) on 31 December 2023 and includes measures that will enable HM Government to more easily amend, repeal and replace REUL and to 'assimilate' REUL into the UK statute books.

The measures in the Bill are:

- A sunset clause that will revoke the majority of REUL contained in domestic secondary legislation and retained direct EU legislation on 31 December 2023. This will be accompanied by a power to preserve REUL to allow the government to keep pieces of legislation deemed necessary (for example to fulfil international obligations or commitments). The sunset will also be accompanied by a power to extend. This will allow the government to extend the sunset date for specified pieces of legislation to a date no later than 23 June 2026.
- Powers to update, restate, repeal, revoke or replace REUL. These repeal and replacement powers would be broadly deregulatory in ambition.
- Downgrade the status of retained direct EU legislation (RDEUL) for the purpose of amendment.
- End the supremacy of EU law on 31 December 2023.
- Create new tests for domestic higher courts to apply when considering departure from retained case law. Those tests are designed to facilitate easier departure.
- Give lower courts the power to seek rulings from higher courts on whether to depart from retained case law, by referring points of law to the higher courts, which must then be followed by the lower courts in the proceedings before it.
- Give UK Government and Devolved Administration(DA) law officers the power to seek a ruling from higher courts on a point of law arising on retained case law once proceedings have concluded in the lower courts (as a means of establishing a precedent for future cases).
- Notify UK Government and DA law officers where a higher court is considering an argument that it should depart from retained case law, and allow the law officers to become a party to proceedings.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1 - Do Nothing

This would mean not taking the Bill forward, and departments only reforming REUL in line with their current plans and with existing powers and allocated resources. Without the powers and sunsetting provisions contained within the Bill, departments will take significantly longer in carrying out existing plans for REUL reform as retained direct EU legislation (which may be in excess of 1000 pieces of legislation) requires primary legislation to amend. A do nothing approach risks large volumes of REUL remaining on our domestic statute book and the inappropriate continuance of the EU law principle of supremacy in the interpretation of the UK statute book. However this option will not impact government resources and there will be no opportunity cost in terms of other government priorities.

Option 2 - REUL Bill (preferred option)

This package includes the full set of measures, including an administrative programme for departments to review each piece of REUL, and take a decision whether to sunset it on 31 December 2023, to restate it as domestic law, or to preserve it as "assimilated law". This is the preferred option because it achieves all intended policy objectives; making it easier to amend, repeal and replace REUL, ending the supremacy of REUL in the UK statute book, and giving courts more discretion to depart from retained case law. It will allow departments to reform REUL so that it better suits UK needs and objectives and doesn't act as an unnecessary burden on businesses or consumers.

Option 3 - REUL Bill (with later sunset date)

This is the same as Option 2 but with a later sunset date, providing more time for departments to review their stock of REUL and consult on and develop reforms, potentially providing businesses with greater certainty about the sunsetting process and reducing the risk that regulations which facilitate the functioning of a market will suddenly cease to apply. A longer process will postpone ending supremacy of REUL to a later date and will increase the time period during which pieces of REUL can be sunset, potentially increasing uncertainty for businesses.

Is this measure likely to impact on international trade and investment?		N/A			
Are any of these organisations in scope?	Micro	Small	Medium	Large	
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)		Traded: N/A		Non-traded: N/A	

Will the policy be reviewed? . If applicable, set review date: /

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible: 		Date:	02 December 2022

Summary: Analysis & Evidence Policy Option 2

Description: Option 2: Retained EU Law Bill

FULL ECONOMIC ASSESSMENT

Price Base Year 2021	PV Base Year 2023	Time Period 10 years	Net Benefit (Present Value (PV)) (£m)		
			Low:	**High:**	**Best Estimate:**

COSTS (£m)	**Total Transition** (Constant Price) Years		**Average Annual** (excl. Transition) (Constant Price)	**Total Cost** (Present Value)
Low	Optional		Optional	**Optional**
High	Optional		Optional	**Optional**

Best Estimate				

Description and scale of key monetised costs by 'main affected groups'

The Bill is a facilitator of change. It will enable departments to update, restate, repeal, revoke or replace REUL with a view to ensuring that regulations are tailor made for the UK to deliver maximum benefit to citizens and business. It will be for departments to decide if they use the powers, and what changes they use the powers for. Since departments have mostly not yet taken decisions regarding how they will use the powers in the Bill to reform REUL it is not at this stage feasible to quantify and monetise the associated economic costs.

However, to provide a sense of the potential impacts of the Bill, the publicly available REUL dashboard[1] sets out that REUL is concentrated in 21 sectors of the economy, across 300 specific policy areas. The five departments with the most REUL are Defra, DfT, HMT, BEIS and HMRC, therefore REUL in those departments' policy areas has the greater potential to be impacted by the powers in the Bill. The five departments with the least REUL are Cabinet Office, FCDO, MoD, DIT and DfE, and therefore policy areas within those departments are least likely to be affected by the provisions in the Bill.

Other key non-monetised costs by 'main affected groups'

- **Government**: Departments which will expend resources to use Bill powers to ensure REUL reflects the appropriate policy intent.
- **Businesses**: Costs arising from changing regulations (e.g., regulatory uncertainty, familiarisation and implementation costs).
- **Judiciary**: Potential for increased litigation, primarily through measures facilitating courts departing from retained case law. (Further appraisal is out of scope for this Impact Assessment, but is detailed in a separate internal Justice Impact Test).

BENEFITS (£m)	**Total Transition** (Constant Price)	Years	**Average Annual** (excl. Transition) (Constant Price)	**Total Benefit** (Present Value)
Low	Optional			
High	Optional			
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups'

Similarly to costs, it is not at this point feasible to quantify and monetise the economic benefits of much of this Bill.

Other key non-monetised benefits by 'main affected groups'

- **Government:** The Bill will free up parliamentary time, which is scarce, and facilitates easier adjustments to REUL which entered the UK statute book without parliamentary scrutiny.
- **Consumers and businesses:** Will benefit from faster regulatory reform aimed at reducing existing burdens and boosting economic growth.

Key assumptions/sensitivities/risks	**Discount rate (%)**	3.5

[1] REUL dashboard, published 22nd June 2022. https://www.gov.uk/government/publications/retained-eu-law-dashboard

• This Impact Assessment doesn’t quantitatively assess many of the proposals set forth in the REUL Bill. This is necessary and appropriate since the REUL Bill is enabling in nature. The ultimate impact on businesses will be determined by the subsequent legislation and regulations made by departments following this Bill and will be outlined in accompanying Impact Assessments when departments bring forward secondary legislation. Furthermore it is expected that departments will carry out cost benefit analysis of all substantive changes to REUL as part of the administrative process that will be put in place to facilitate the assimilation and sunsetting of REUL.	

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			**Score for Business Impact Target (qualifying provisions only) £m:**
Costs:	**Benefits:**	**Net:**	

Contents

Retained EU Law Bill: Introduction

Problem under consideration and rationale for intervention:

1. On 23 June 2016, more than 17 million citizens of the UK and Gibraltar voted for the UK to leave the European Union (EU). Parliament subsequently passed the EU (Notification of Withdrawal) Act 2017 to begin the process of the UK's departure. This was followed by the EU (Withdrawal) Act 2018.

2. On 31 January 2020 the United Kingdom left the European Union and the Withdrawal Agreement concluded with the EU entered into force.

3. At 11pm on 31 December 2020, the end of the Transition Period provided for in that agreement, the UK recovered its full economic and political independence. The UK is no longer part of the EU Single Market or the EU Customs Union and is therefore no longer bound by its laws and regulations.

4. To maintain legal certainty at the end of the Transition Period, retained EU law was created as a category of domestic law consisting of EU-derived legislation that was preserved in our domestic legal framework by the European Union (Withdrawal) Act 2018. Retained EU Law was never intended to sit on the statute book indefinitely. The time is now right to end the special status of retained EU Law in the UK statute book on 31st December 2023. The Bill will end this special status and will enable the Government, via Parliament to amend more easily, repeal and replace retained EU Law.

5. There are still over 2,400 individual pieces of REUL which will need to be addressed, many which currently require primary legislation to amend them. It would be a poor use of limited parliamentary time to use primary legislation to amend REUL that flowed directly onto the UK statute book and has never been subject to scrutiny by the UK parliament.

6. Therefore, the Bill will provide powers to update, restate, repeal, revoke or replace REUL with appropriate levels of parliamentary scrutiny in a manner fitting to how the original REUL came onto the statute book. To that end, the Bill will also downgrade the status of retained direct EU legislation, make it easier for courts to depart from retained case law, and end the supremacy of EU law, thus reclaiming the sovereignty of Parliament.

7. The measures outlined above will end retained EU law as a separate legal category. It will also reduce the risk that our regulations are baked in as they were at EU exit, even as the EU updates its own rules, potentially damaging our competitiveness as we may not otherwise have the powers to make the necessary updates to EU derived regulations to reflect changing policy and regulatory needs.

8. However, without a sunset clause, or non-legislative target to remove REUL, some REUL is likely to remain on the statute book indefinitely, particularly in departments with high concentrations of REUL. A delay to REUL reform could delay the UK from fully realising the opportunities of Brexit. Therefore, the Bill will also sunset all REUL on 31 December 2023. Departments will be able to assimilate any RDEUL which they wish to retain - but this will no longer have the unique features of REUL, it will be stripped of supremacy and no longer be subject to the EU principles of interpretation which were part of EUWA.

9. The Bill will also make additional reforms to facilitate the amendment, repeal and reform of REUL. Firstly, it will reform the Legislative and Regulatory Reform Act 2006 (LRRA), making clear that they can be used to amend REUL. It will also repeal the Business Impact Target (BIT) provisions in the Small Business, Enterprise and Employment Act 2015 (SBEEA).

10. At this early stage in the Government's technical REUL reform programme there is **1** specific example of REUL reform the bill will enable:
    I. Sanctions Regime - Repeal of Council Regulation (FCDO).

Rationale and evidence to justify the level of analysis used in the IA (proportionality approach)

For a number of reasons, a fully quantified and monetised assessment of the impact of this Bill is not possible at this stage. The Bill is a facilitator of change. It will allow departments to update, restate, repeal, revoke or replace REUL with a view to ensuring that regulations are tailor made for the UK to deliver maximum benefit to citizens and business.

There is therefore a high degree of uncertainty about the exact policy changes that the secondary powers and sunsetting parts of the Bill enables, as departments have largely not yet undertaken detailed reform work. Departments need time to assess their stock of REUL and to decide what they want to update, restate, repeal, revoke or replace via the secondary powers in the Bill and what they want to sunset. At present Government does not have a list of which REUL will be kept as they are, which will be repealed completely and which will be retained but in an amended form. Nor is there any way of knowing, at this stage, how pieces of REUL that departments decide to amend will change. Given that all REUL was made operable as part of the EU exit process, departments may choose to prioritise policy areas which require significant reform, rather than small changes. It is therefore possible that much of REUL, once stripped of its EU interpretive effects, otherwise remains unchanged until the policy requires fundamental reform.

The task of assessing impacts is made more difficult because of the broad nature of the Bill. It is not just the amount of REUL, currently over 2,400 pieces, but also how wide the impact that REUL has. REUL legislation is spread out over 16 different departments and approximately 300 policy areas. It thus has the potential to impact a vast array of industries and groups. To fully assess the possible impacts on all these groups of all possible changes would be mere guesswork at this stage. However it is important that the impact of future policy changes resulting from this Bill are assessed, and therefore any impacts on businesses arising from future secondary legislation will be fully detailed in accompanying Impact Assessments. Further it is expected that departments will carry out cost benefit analysis of all substantive changes to REUL as part of the administrative process that will be put in place to facilitate the assimilation and sunsetting of REUL. Further details of what form this assessment of the impacts of changes arising from use of the powers in this bill will take can be found in the monitoring and evaluation section of this IA.

Alongside qualitative analysis of the possible impacts of the Bill on affected groups such as businesses and consumers, a cross Whitehall dialogue has been carried out to better understand how the Bill will impact government resources. The changes to the Business Impact Target and the amendment of Legislative Reform Orders will only impact internal government and will not affect business directly and so no wider economic impact assessment has been carried out. However their potential impact on departmental resources has been assessed.

Options Considered

This Impact Assessment considers two potential policy packages.

Option 1 - Do Nothing
This would mean not taking the Bill forward, and departments only reforming REUL in line with their current plans and with existing allocated resources. Without the powers and sunsetting provisions contained within the Bill departments will take longer in carrying out existing plans for REUL reform, and it risks REUL becoming 'baked in' to the UK statute book, with the regulations fixed as they were on the day the UK exited the EU and which is then difficult to amend on the UK statute book. This creates a large opportunity cost of having to reform REUL gradually through primary legislation or retaining REUL which has been fixed on exit day while the world moves on and it becomes unfit for purpose. However this option will not impact government resources and there will be no opportunity cost in terms of other government priorities.

Option 2 - REUL Bill (preferred option)
This package includes the following set of measures. It is the preferred option because it achieves all intended policy objectives: making it easier to amend, repeal and replace REUL, ending the supremacy of REUL in the UK statute book, and giving courts more discretion to depart from retained case law.

1. Establish and run an administrative programme for departments to review each piece of REUL, and to take a decision to sunset it, restate it as domestic law, or to preserve it as "assimilated law" by 31 December 2023;
2. Take powers to update, restate, repeal, revoke or replace REUL;

3. Downgrade the status of retained direct EU legislation[2] for the purpose of amendment;
4. End the supremacy of EU law by 31 December 2023, including ending the application of directly effective EU rights (DEERS) and general principles of EU law in the UK;
5. Giving domestic courts more discretion to depart from retained case law, which includes CJEU judgments;
6. Make changes to Legislative Reform Orders to explicitly include REUL as eligible legislation by amending s1 of LRRA 2006;
7. Remove the Business Impact Target (BIT) by amending sections of the SBEE Act 2015

In comparison to option 3, an earlier sunset date will shorten the period of uncertainty during which it may be unclear as to which bits of REUL will be sunset as well as ending the supremacy of EU law earlier. Such uncertainty could create significant risks for firms and make it difficult for them to plan and invest if they are worried about the regulatory regime suddenly changing. This has to be balanced against the risk that the earlier sunset date will mean the process of assessing REUL and deciding what to sunset will be very expedited and this in itself may increase uncertainty for businesses. However on balance the former is assessed as outweighing the latter and thus option 2 is preferred over option 3.

Option 3 - REUL Bill (with later sunset date)
This is the same as Option 2 but with a later sunset date, providing more time for departments to review their stock of REUL and consult on and develop reforms, potentially providing businesses with greater certainty about the sunsetting process and reducing the risk that regulations which facilitate the functioning of a market and protect consumer rights will suddenly cease to apply. As with option 2, this will achieve all intended policy objectives. However, a longer process will postpone ending supremacy of REUL to a later date and will increase the time period during which pieces of REUL can be sunset, potentially increasing uncertainty for businesses.

Policy Objective

EU treaties are the highest level of EU law and they set out the subject areas in which the EU can act and make more specific laws. The two main treaties are the Treaty on European Union and the Treaty on the Functioning of the European Union. As such, the treaties set out the EU's competence to act, which includes issues where Member States have a common interest as well as on issues relevant to the Single Market and other aspects of the EU.

As a result, EU law provided the basis for the regulation of many issues such as vehicle standards, transport emissions, health and safety, aviation, environmental and product safety standards, intellectual property, private pensions, food and feed imports, gas and electricity markets, social security coordination, rail interoperability, road transport, climate change, food hygiene, rail safety, aircraft operators, access to benefits, seafarer health and safety, telecoms, animal feed, employment rights, food additives, auctions, carbon capture and storage, contaminants in food and corporate reporting.

Now that the UK has left the EU, it is no longer necessary for our laws in the above areas to align with those of EU member states (subject to the need for the UK to comply with its international obligations), providing the UK with the opportunity to tailor its own legislation to the priorities of the UK Government and for the benefit of UK businesses and consumers.

The Retained EU Law (Reform) Bill will end the special status of REUL by the end of 2023 by stripping REUL of its EU-derived interpretive provisions. It will also sunset most retained EU law, not explicitly preserved and or restated into domestic law, on 31 December 2023. This Bill will enable HM Government to more quickly access the benefits of Brexit. The measures set out below will reduce and reform REUL over time.

a. A **sunset** of most REUL, not explicitly preserved or restated into domestic law, on 31 December 2023;
b. **Powers** to update, restate, repeal, revoke or replace REUL (with the repeal and replacement powers being broadly de-regulatory in nature);
c. Downgrading the **status** of retained direct EU legislation for the purpose of amendment;
d. Ending the **supremacy** of EU law, including ending the application of DEERS and general principles of EU law in the UK; and

[2] Retained direct EU legislation is any directly applicable EU legislation, which had effect through section 2(1) ECA 1972 before the end of the transition period, unless its effect is reproduced in EU-derived domestic legislation, or where legislation applies directly as part of the Withdrawal Agreement,

e. Making it easier for UK **courts** to depart from retained case law (which includes CJEU judgments).

The Bill package will also make clear that LROs can be used on REUL and repeal the Business Impact Target. For a full breakdown of the measures in the Bill please see below summary.

Summary and preferred option with description of implementation plan

The following section sets out the policy proposals for the preferred option.

Establish and run an administrative programme for departments to review each piece of REUL, and to take a decision to sunset it, restate it as domestic law, or to preserve it as "assimilated law" by 31 December 2023. The bill proposes a sunset date of 31 December 2023, by which time departments must have restated as domestic law or preserved as "assimilated law" any REUL they have chosen not to be sunset. Under the preservation power in the bill, REUL that is deemed essential will be "assimilated" - or preserved without the effects of supremacy or any other interpretative effects of EU law (including directly effective EU rights (DEERs) preserved by section 4 of the EUWA and EU general principles).

The bill will also include a mechanism to temporarily extend the sunset date up to 23 June 2026 for specified descriptions of REUL only. This could be activated in the event the necessary secondary legislation cannot be prepared in time, or in cases where more time is needed to enact ambitious, multi-year reforms and/or to ensure international obligations are upheld. The extension will apply to REUL substance only, and not to associated interpretive effects (supremacy, DEERs, and EU general principles).

A sunset creates an impetus for change and incentivises departments to engage actively in REUL reform in a way that assimilation alone would not. Genuine regulatory reform is key to removing unnecessary burdens faced by businesses and consumers and enabling the government to seize the opportunities afforded by Brexit. Without such impetus, REUL reform is unlikely to be comprehensive.

Powers to update, restate, repeal, revoke or replace REUL. The Bill will contain seven new delegated powers, not including consequential, transitional and commencement powers:

- A power to revoke or replace REUL;
- A power to restate, codify, and clarify REUL;
- A power to restate, codify, and clarify assimilated law up to 23 June 2026;
- A power to preserve the content of retained EU law post sunset.
- A "compatibility" power, to specify the appropriate hierarchy for domestic legislation;
- A power to update REUL—to make minor amendments to REUL in connection with relevant scientific or technological advancements;
- An "extension" power to extend the date of sunset on specified descriptions of REUL up to 23 June 2026.

These powers cannot in the main be used on primary legislation but will be usable on all other REUL, the compatibility and restatement powers can be used on primary legislation in limited circumstances.[3] The Bill will change the status of RDEUL so that it is treated as secondary legislation for the purpose of amendment (see below). All powers in the Bill will also be available to the devolved administrations for use on devolved REUL. The consolidation and repeal / replace powers will be 'one shot' powers and so can only be exercised once for each piece of REUL.

Downgrade the status of retained direct EU legislation for the purpose of amendment. Some retained direct EU legislation (RDEUL) is currently treated as primary legislation. By downgrading the status of RDEUL for the purposes of amendment, it will be possible to amend this legislation using powers in other statutes (as well as the powers in the Bill). Without this change, the amendment of RDEUL will remain difficult and will in most cases require an Act of Parliament. This is not consistent with Acts of Parliament being the highest form of law now that we have left the EU, and is anomalous given that the EU treats RDEUL as a form of secondary legislation. RDEUL flowed directly onto the statute book without scrutiny from Parliament, so it is important constitutionally, as well as administratively that the status of RDEUL is changed, restoring the primacy of Acts of Parliament. Allowing RDEUL

[3] The restatement and compatibility powers are Henry VIII powers which may be used to modify any enactment. These powers are intended to continue to enact current policy effect where the Government chooses to do so, so these cannot substantively change the policy effect of legislation. The extension power is also a Henry VIII power, but its potential impacts are limited. The power is meant as a fail-safe in case REUL reform is delayed by the parliamentary process or or extenuating circumstances.

to be amended via secondary legislation will still give Parliament more opportunity to scrutinise it than was the case when RDEUL flowed onto the statute book.

End the supremacy of EU law by 31 December 2023. Supremacy is a principle derived from ECJ case-law and incorporated into the EU Withdrawal Act 2018. It means that REUL still takes priority over domestic law made before 31 December 2020 when the two conflict, but does not apply to UK law passed after 31 December 2020. This ensured legal continuity at the end of the transition period, but is both constitutionally novel, and politically challenging as domestic laws, including Acts of Parliament, remain subordinate to retained EU law. The REUL Bill will end supremacy by: (a) removing supremacy from the statute book and (b) addressing the future relationship between domestic law and REUL, by making REUL subordinate in case of conflict with domestic law. The Bill will also end the application of DEERs and EU general principles as an aid to interpretation in alignment with the removal of the principle of supremacy, as they are intertwined legally. This will create a single date for the ending of the interpretive effects of EU law of 31st December 2023. In practice, Departments may need to assess whether they need to legislate to maintain interpretive effects in certain specific policy areas.

Giving domestic courts more discretion to depart from precedential CJEU interpretations, and ensuring courts treat REUL and EU law concepts the same as the judgments of other jurisdictions (i.e., not binding). The Bill will facilitate more frequent decisions to depart from retained case law by the below measures:

- Creating new tests for domestic higher courts to apply when considering departure from retained case law. Those tests are designed to facilitate easier departure.
- giving lower courts and law officers' l power to seek rulings from higher courts on whether to depart from retained case law, by referring a point of law; and
- notifying the law officers that a case has been referred, and allowing the relevant law officer to become a party to argue departure from retained case law.

Reform of the Legislative and Regulatory Reform Act 2006 (LRRA). While Legislative Reform Orders (LROs) were supposed to reduce departmental asks for primary legislation by providing a separate route for legislative reform, and thus provide greater regulatory and policy-making agility, in the 16 years since LRRA was enacted only 41 LROs have been brought into force.

There is now an opportunity to make clear that LROs can be used to amend REUL. Thiswill provide another tool for departments to use as they reform their REUL, as LROs can amend Acts of Parliament but the powers in the Bill will not be able to amend Acts of Parliament. The proposed reform to the LRRA is to amend section 1 of the Legislative and Regulatory Reform Act 2006 to clarify that Legislative Reform Orders (LROs) can be made to amend REUL.

Repeal of the Business Impact Target (BIT). The Bill will legislate for the repeal of the Business Impact Target. This will not have any impacts on businesses or other stakeholders as the BIT was used for HMG purposes to monitor the direct costs to business of a regulation it introduces and determine cases where independent scrutiny of regulatory proposals would be required. It is being repealed to allow for the introduction of a number of the Better Regulation Reforms announced in the Benefits of Brexit. The exact timing of the BIT repeal will be determined at a subsequent date by HMG and implemented by commencement order.

Better regulation and reducing the regulatory burden on business is a key benefit of our departure from the EU and has important interconnections with REUL. This is not a measure that is limited to REUL in a technical sense, but viewed holistically, this measure combines neatly with the overall thrust of the Bill to reform and replace EU regulations with a regime that works better for the UK.

Monetised and Non-Monetised Costs and Benefits of Each Option (including administrative burden)

In addition to passing this legislation, the Brexit Opportunities Unit (BOU) will oversee an administrative programme with departments to measure and monitor the costs of REUL to businesses and consumers, with the aim of reducing costs. BOU will also oversee progress in reaching the target of removing £1bn worth of the costs of REUL to business. This aligns with HM Government's ongoing REUL substance review which is identifying the individual pieces of REUL that each department is responsible for. The review has so far identified over 2,400 pieces of REUL and the interactive tally is available online via the REUL dashboard.[4]

Despite the difficulties in quantification, we have attempted to outline below the broad potential economic impacts that the secondary powers and sunsetting provisions contained within this Bill could have. We have also carried out a cross whitehall consultation looking at the potential impact that the Bill could have on departmental resources, and the analysis deriving from this can also be found below. We will continue to engage departments as they review their stock of REUL and decide which bits they wish to reform and how, in order to update this analysis so that it outlines in more detail specifically how the powers in the bill will be used and the benefits and costs that will likely arise from the changes departments wish to make.

As already outlined, because of the uncertainty about how the secondary powers and sunsetting provisions contained within this Bill will be applied to which pieces of REUL, the large amount and very broad range of REUL, and time and resource constraints, the impact of those powers cannot feasibly be quantified and monetised. However it is important that the impact of future policy changes resulting from the Bill are assessed and therefore when departments decide to make use of the secondary powers to amend REUL they will assess any impacts at that point.

1. Impact on Government resources

Based on information provided by departments, we anticipate that the repeal and replace power and the consolidation power would be used several hundred times, across a large number of policy areas and sectors which would otherwise require primary legislation. The smaller minor amendments power we expect to be used frequently to maintain and update their regulations in line with current standards. Some departments would prefer the ability to add regulatory burdens and amend Acts of Parliament. This would allow them more flexibility in consolidating or replacing their REUL. However, limiting the powers to deregulatory purposes and to amending secondary legislation will greatly assist the Parliamentary handling of these powers. REUL is not distributed evenly between departments, so the administrative burden will likely be skewed towards those with more REUL.

The ongoing review of REUL has found over 2,400 pieces so far. The current breakdown by department can be seen below. Approximately 50% of this is retained direct EU law, 40% is retained EU derived domestic legislation, with the remaining 10% being contained in Acts of Parliament.

[4] https://www.gov.uk/government/publications/retained-eu-law-dashboard

Table 1: Breakdown of REUL by department

Department	Total REUL[5] Count	REUDL[6]	RDEUL[7]	RDER[8]
DEFRA	570	Not available	Not available	Not available
DfT	424	267	152	3
HMT	374	203	130	1
BEIS	318	182	127	7
HMRC	228	12	119	94
DWP	208	70	111	15
DHSC	137	106	29	2
DCMS	35	14	15	6
DLUHC	29	3	14	10
HO	24	5	11	9
MOJ	19	2	15	1
DFE	16	2	13	0

5 **Retained EU law**
A body of former EU law, which is preserved and continues to have effect in the domestic law of the UK. It falls into three main categories:

1. EU-derived domestic legislation (which can be both primary and secondary legislation)
2. Direct EU legislation (which is EU legislation that applied to the UK during our EU membership, eg. EU regulations, decisions and tertiary legislation)
3. Other directly effective EU law rights and obligations (eg. non-discrimination on the grounds of nationality)

6 **Retained EU-derived domestic legislation (REUDL):** EU-derived domestic legislation preserved under section 2 EUWA

7 **Retained direct EU legislation (RDEUL)**: Directly applicable EU legislation generally required no national implementing legislation to take effect in national law. Retained direct EU legislation is any of that law which had effect before the end of the transition period and includes EU regulations, decisions and tertiary legislation.

8 **Retained directly effective rights (RDER):** Directly effective rights incorporated under section 4 EUWA.

Department	Total REUL[5] Count	REUDL[6]	RDEUL[7]	RDER[8]
DIT	11	8	32	0
MOD	11	0	10	1
FCDO	8	7	0	0
CO	5	1	3	1

The need to review and assess all REUL that they are responsible for will create extra demands on the resources of departments. Given that the stock of REUL is distributed unevenly, with some departments having several hundred pieces while others having only a handful, the burden will vary. The amount of work will also depend on how complicated the different pieces of REUL are, how many of them the department wants to amend, and how substantive those amendments may be. The predetermined date for sunsetting REUL creates a firm deadline by which time departments will have had to review all the REUL they are responsible for and decide what they want to "assimilate", what they want to sunset and what they want to amend.

Although the Bill has been designed to expedite and streamline the process of "assimilating", sunsetting and amending REUL, the task could still be significant for those departments with the largest amounts of REUL. In order to assess what they wish to do with pieces of REUL, departments will need to allocate policy and legal resources to go through each piece of REUL they are responsible for in order to understand what it is and what the implications of changing this legislation will be. While the expectation is that departments will manage the additional burdens arising from the Bill within their existing budgets, they will face an opportunity cost as they will need to reprioritise their resources of staff and time away from other policy priorities. In some cases, other policy priorities may have to be paused entirely. In order to better understand the potential impact of the Bill on departmental resources we have conducted an internal cross Whitehall dialogue with affected departments to better understand how departments will be affected.

Having to amend more REUL compared to the do nothing scenario will create extra work for departments as they work through how exactly they want to change each piece of REUL, including the policy and legal implications, meaning more work for their policy, analyst and legal teams. However, it is extremely difficult to estimate the likely aggregate impact on government resources from departments using the secondary powers in this Bill to amend, and repeal REUL. A more accurate cost estimate will only be possible once departments have gone through their stock of REUL and assessed piece by piece whether they want to restate it as domestic law, preserve it as "assimilated law", amend it or let it be sunset. Furthermore, it isn't only about how many pieces of REUL, but also about how they will be amended. Departments may decide that in most cases only minor amendments are needed, on the other hand they may decide that much more extensive reform of REUL is required. This will have a big impact in terms of the resource cost that amending REUL will have.

In addition to the impact on departmental resources, sunsetting REUL is likely to involve a significant programme of secondary legislation. It is likely that c. 1,000 SIs will be required between Royal Assent and the sunset date in order to effectively transition to a post-REUL statute book. This is a larger programme of work than EU Exit transitional SIs (c. 800 SIs) and will take up a significant amount of parliamentary time.

In comparison to the full reform Bill option, the alternative would be the do nothing option, where the Bill does not get passed. Under this option, departments would have to rely on primary legislation to reform REUL. To be equally ambitious under this option in terms of the amount and breadth of REUL repealed and amended would require a considerable amount of parliamentary time, with primary legislation considerably more time consuming than the secondary powers and sunsetting provisions that departments can make use of under the Bill. Depending on how much REUL departments wish to repeal and amend, it would take multiple Parliaments, and perhaps decades to accomplish it without the powers in the Bill. There would also be a considerable opportunity cost in terms of parliamentary time being spent looking at the minutiae of REUL when it could be devoted to other domestic priorities. Therefore, under the do nothing option we assume that departments only carry out reform of REUL that they are currently planning with existing resource allocations.

Under the do nothing option there should be no impact on government resources, and there would be no opportunity cost in terms of other government priorities. However, reform of REUL would be much less ambitious, with much less repeal and amendment, meaning fewer of the potential benefits from REUL reform being realised. Furthermore, assuming no alternative avenue is used, no Bill risks no end to the supremacy of REUL, creating a constitutional anomaly.

Repeal of the BIT
We do not expect the repeal of the BIT to have any material impact on government resources.

2. Economic and wider Impacts

It is difficult to estimate the precise economic impact of the REUL Bill as it is enabling in nature and there is currently too much uncertainty in how departments may use the powers. However, the following section includes preliminary indicative analysis based on departmental returns into the ongoing REUL substance review, where REUL reform is more likely to occur and where scope for changes is likely more significant. An important caveat is that the REUL substance review is not yet complete and the figures the following analysis is based on should be treated as initial estimates rather than definitive and final as they may change as the review proceeds. The analysis, which is set out in greater detail below, arrives at the following key conclusions:

- Around 20% of all REUL has already been reformed (474 pieces). Of The unreformed REAL there are 1,491 pieces where there is high confidence they aren't required to maintain international treaty obligations the UK is still a party to, which in general will mean they will be more likely to be substantively reformed.
- However of those 1,491, 39 are primary legislation and thus not impacted by the sunset in this bill. There are therefore 1,452 pieces of REUL which remain unreformed, are not required to maintain international treaty obligations, and are not primary legislation. This is the portion of REUL that is more likely to be impacted by the sunset contained within this bill.
- However these figures may change somewhat as the REUL substance commission continues and new REUL is identified by departments.
- The largest scope for potential by volume of REUL is in the following four sectors: agriculture, forestry and fishing; transportation and storage; financial and insurance activities; and manufacturing. These four sectors include over 70% of all REUL, and over 70% of unreformed REUL which is not required to maintain international obligation.
- A significant caveat to the above is that the vast majority of the 374 pieces of REUL which falls under HM Treasury will not be impacted by the REUL bill. The Financial Services and Markets Bill 2022 will address the REUL that impacts financial and insurance activities. And a future finance bill or subordinate tax legislation will cover REUL in the area of tax including VAT, excise and customs duty.
- Most REUL impacts sectors with relatively low proportions of small and micro businesses relative to their larger competitors. Preliminary analysis therefore suggests that if REUL reform helps to open up these sectors for small and micro firms by reducing any barriers to entry that existing regulation imposes this may benefit these firms disproportionately compared to larger firms.

As noted in Table 1 above the stock of REUL is spread unevenly over departments and the same is true in terms of policy areas and sectors. The full breakdown of the stock of REUL by policy area can be found in the annex, but among the areas containing the most REUL are: Common Fisheries policy with 107 pieces, vehicle standards with 85 pieces, Health and Safety with 58 pieces and Aviation with 56.

Table 2 shows the breakdown of the stock of REUL by sector of the economy identified by SIC code. Four sectors account for 70% of REUL in total: these are Agriculture, Forestry and Fishing with 493, Transportation and storage with 482, Financial and insurance activities with 365 and Manufacturing with 347. Table 2 also shows the count (rounded to the nearest thousand) for the number of VAT and/or PAYE registered businesses broken down by sector, and the count of employees by sector. Looking at these numbers shows that the four sectors with the most REUL contain over 17% of all VAT and/or PAYE registered businesses in the UK and over 17% of all employees in GB. These are significant figures, and if departments use the powers in this bill to enact reforms which have a net positive impact for businesses - i.e. cuts the burden on businesses above any disbenefits which arise - this suggests that this could have significant aggregate benefits across the UK economy all else constant . On the other hand if reform of REUL results in some of the potential disbenefits outlined further below outweighing any benefits then the aggregate disbenefit for the UK as a whole would also be substantial. We will only have a better idea of the impact of REUL reform once departments decide which pieces they wish to reform or repeal and in what way.

The above exploration of REUL by volume is only suggestive of potential areas with the largest scope for change and potential direct impacts on business. Ultimately, impacts will depend on the overall economic impact of individual pieces of REUL as they stand and crucially how departments choose to make use of the powers in the bill to make changes to the REUL.

Table 2: Breakdown of REUL by sector[9]

SIC code	Description	Total REUL	Count of businesses (rounded to nearest thousand)	Count of Employees
Section A	Agriculture, Forestry and Fishing	493	141,000	230,000
Section H	Transportation and storage	482	138,000	1,494,000
Section K	Financial and insurance activities	365	61,000	1,020,000
Section C	Manufacturing	347	140,000	2,312,000
Section O	Public administration and defence; compulsory social security	133	8,000	1,340,000
N/A	Multiple Sectors[10]	108	N/A	N/A
Section D	Electricity, gas, steam and air conditioning supply	105	N/A	136,000
N/A	N/A[11]	72	N/A	N/A
Section M	Professional, scientific and technical activities	41	453,000	2,557,000

[9] Figures on number of businesses by sector can be found here: https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/ukbusinessactivitysizeandlocation/2021 ; Figures for employment by sector are taken from the Business register and employment survey and can be found here: https://www.nomisweb.co.uk/. Note the data on the number of businesses is for the UK, while the data on employment is for GB only.

[10] Multiple sectors here refers to where departments assessed via their submission to the REUL substance review that several sectors of the economy are impacted by a specific piece of REUL.

[11] N/A here refers to where departments either assessed that a piece of REUL didn't impact any sectors or failed to provide an answer.

Section J	Information and communication	39	213,000	1,310,000
Section I	Accommodation and food service activities	34	167,000	2,121,000
Section Q	Human health and social work activities	34	105,000	3,994,000
Section R	Arts, entertainment and recreation	27	177,000	658,000
Section F	Construction	23	360,000	1,408,000
Section S	Other service activities	23	N/A	565,000
Section E	Water supply, sewerage, waste management and remediation activities	21	N/A	206,000
Section B	Mining and Quarrying	19	15,000	50,000
Section G	Wholesale and retail trade; repair of motor vehicles and motorcycles	18	406,000	4,362,000
Section P	Education	17	45,000	2,631,000
Section U	Activities of extraterritorial organisations and bodies	11	N/A	N/A
Section L	Real estate activities	2	105,000	528,000
Section N	Administrative and support service activities	1	230,000	2,588,000
Section T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use	1	N/A	N/A

Table 3 shows the baseline of where reform of REUL has already occurred, and what this bill is already building upon. It breaks down the 474 pieces of REUL that have already been updated, restated, repealed, revoked or replaced - this is the latest estimate and may change going forward as the REUL substance review proceeds - by the sector that they primarily impact. It also gives this as a percentage of the total REUL impacting each sector, which is an indication of how much scope there is left to change REUL via the powers in this bill in the coming years. So while Agriculture, forestry and fishing have already seen 115 pieces of REUL reformed, this represents only 23.3% of the total REUL that impacts that sector. Whereas for Education which has seen only 12 pieces of REUL which impact it already reformed, this represents over 70% of all the REUL which impacts this sector. We can thus conclude that the scope for further reform of REUL is much more significant in Agriculture, Forestry and Fishing.

Using this approach it is clear that of those sectors with a significant amount of REUL the ones with the highest amount still unamended are: Agriculture, Forestry and Fishing with 378 pieces or almost 77%, Transportation and storage with 371 pieces or 77%, Financial and insurance activities with 357 pieces, or nearly 98%, Manufacturing with 297 or about 85.5%, Public administration and defence; compulsory social security with 112 pieces or just over 84%, and Electricity, gas, steam and air conditioning supply with 84 pieces or 80%. Together these sectors account for nearly half a million businesses or almost 18%, and employ more than 6.5 million people which is just over 22% of the total.

A significant caveat to the above is that the vast majority of the 374 pieces of REUL which falls under HM Treasury will not be impacted by the REUL bill. The Financial Services and Markets Bill 2022 will address the REUL that impacts financial and insurance activities. Furthermore all legislation relating to tax and retained EU law will be made via the Finance Bill, or subordinate tax legislation, which is usual and appropriate for tax provisions.The government will introduce a bespoke legislative approach for VAT, excise, and customs duty in a future Finance Bill. This approach will revoke any remaining retained direct EU legislation that the government did not repeal in the Taxation (Cross-border) Trade Act 2018, and make clear that UK Acts of Parliament and subordinate legislation are supreme. So the powers in this bill will only be used to change a much smaller amount REUL in this sector, so the impact of this specific bill on the sector is likely to be much more limited than these headline figures suggest. Furthermore, as with the breakdown of total REUL above, just because this is where the most unamended REUL lies it does not directly follow that this is where the largest changes will occur. That depends on what REUL departments decide to change and how they decide to change it. It could be that much of this unamended REUL simply gets assimilated or that departments make only minor amendments to it. However, because they contain the largest amount of unamended REUL, the scope for potential change is arguably larger in these sectors than the rest of the economy.

Table 3: Breakdown of REUL already updated, restated, repealed, revoked or replaced by sector

SIC code	Description	Total REUL	Total REUL already reformed	% of total	Count of businesses (rounded to nearest thousand)	Count of Employees
Section A	Agriculture, Forestry and Fishing	493	115	23.3%	141,000	230,000
Section H	Transportation and storage	482	111	23.0%	138,000	1,494,000
Section C	Manufacturing	347	50	14.4%	140,000	2,312,000
N/A	N/A	72	43	59.7%	N/A	N/A
Multiple Sectors	Multiple Sectors	108	33	30.6%	N/A	N/A
Section M	Professional, scientific and technical activities	41	23	56.1%	453,000	2,557,000
Section D	Electricity, gas, steam and air conditioning supply	105	21	20.0%	N/A	136,000
Section O	Public administration and defence; compulsory social security	133	21	15.8%	8,000	1,340,000
Section P	Education	17	12	70.6%	45,000	2,631,000
Section S	Other service activities	23	10	43.5%	N/A	565,000
Section K	Financial and insurance activities	365	8	2.2%	61,000	1,020,000
Section Q	Human health and social work activities	34	7	20.6%	105,000	3,994,000
Section B	Mining and Quarrying	19	6	31.6%	15,000	50,000
Section E	Water supply, sewerage, waste management and remediation activities	21	6	28.6%	N/A	206,000
Section R	Arts, entertainment and recreation	27	3	11.1%	177,000	658,000
Section F	Construction	23	2	8.7%	360,000	1,408,000

Section I	Accomodation and food service activities	34	1	2.9%	167,000	2,121,000
Section J	Information and communication	39	1	2.6%	213,000	1,310,000
Section U	Activities of extraterritorial organisations and bodies	11	1	9.1%	N/A	N/A
Section G	Wholesale and retail trade; repair of motor vehicles and motorcycles	18	0	0.0%	406,000	4,362,000
Section L	Real estate activities	2	0	0.0%	105,000	528,000
Section N	Administrative and support service activities	1	0	0.0%	230,000	2,588,000
Section T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use	1	0	0.0%	N/A	N/A
All sectors		2416	474	19.6%		

Furthermore, we know that there is a considerable amount of REUL which gives effect to international obligations that the UK remains a party to, thus it is less likely that this will be reformed. Consequently the REUL which has yet to be reformed and departments have high confidence does not give effect to international obligations the UK is still a party to is the portion of REUL which is more likely to be reformed substantively. Table 4 below shows the total amount of this type of REUL broken down by sector, and also the percentage of all REUL in each sector which is this type..

Table 4: Breakdown of unreformed REUL that doesn't gives effect to international obligations that we are still a party to by sector

SIC code	Description	Total unreformed REUL	Unreformed REUL which doesn't give effect to international obligations	% of total REUL in sector	Count of businesses (rounded to nearest thousand)	Count of Employees
Section K	Financial and insurance activities	357	356	97.5%	213,000	1,310,000
Section A	Agriculture, Forestry and Fishing	378	308	62.5%	406000	4,362,000
Section H	Transportation and storage	371	268	55.6%	138000	1,494,000
Section C	Manufacturing	297	255	73.5%	45000	2,631,000
Section O	Public administration and defence; compulsory social security	112	84	63.2%	105000	528,000
Section D	Electricity, gas, steam and air conditioning supply	84	82	78.1%	230000	2,588,000
Section I	Accomodation and food	33	30	88.2%	360000	1,408,000

	service activities					
Multiple Sectors	Multiple Sectors	75	29	26.9%	N/A	N/A
Section J	Information and communication	38	28	71.8%	8000	1,340,000
N/A	N/A	29	27	37.5%	N/A	N/A
Section R	Arts, entertainment and recreation	24	15	55.6%	N/A	136,000
Section E	Water supply, sewerage, waste management and remediation activities	15	12	57.1%	453000	2,557,000
Section F	Construction	21	12	52.2%	140000	2,312,000
Section Q	Human health and social work activities	27	12	35.3%	N/A	206,000
Section G	Wholesale and retail trade; repair of motor vehicles and motorcycles	18	11	61.1%	167000	2,121,000
Section S	Other service activities	13	10	43.5%	15000	50,000
Section B	Mining and Quarrying	13	8	42.1%	105000	3,994,000
Section M	Professional, scientific and technical activities	18	6	14.6%	177000	658,000
Section U	Activities of extraterritorial organisations and bodies	10	6	54.5%	N/A	N/A
Section L	Real estate activities	2	2	100.0%	61000	1,020,000
Section P	Education	5	2	11.8%	141000	230,000
Section T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use	1	1	100.0%	N/A	N/A
Section N	Administrative and support service activities	1	0	0.0%	N/A	565,000
All sectors		1942	1564	64.7%		

Table 4 shows that of the nearly 2,000 pieces of REUL which are yet to be repealed, more than three quarters, or 1,564, do not give effect to international obligation and are thus more likely to be reformed. Across all sectors the average percentage of total REUL which is this type is 64.7%, but there is little clear relationship between those sectors which have the largest absolute number of unreformed REUL which doesn't give effect to international obligations, and those sectors which have the highest proportion of their REUL which is this type. The top five individual sectors by this type of REUL: Financial and insurance activities with 356 pieces or 97.5%; Agriculture, Forestry and Fishing with 308 or 62.5%; Transportation and storage with 268 or 55.6%; Manufacturing with 255 or 73.5%; and Public administration and defence; compulsory social security with 84 or 63.2%. Thus there is a large range across sectors in terms of how much REUL departments have yet to reform which doesn't give effect to international obligations and is thus more likely to substantively change.

Some sectors with much less REUL have more pieces/higher proportion which has yet to be reformed and thus are more likely to substantively change, for example, 30 out of 34 or 88.2% of total REUL in the Accommodation and food service activities sector are unreformed and therefore more likely to change substantively. Whereas of the 23 pieces of REUL in the Construction sector, only 12 or 52.2% are of this type and less likely to change substantively. That would suggest there is substantially less scope to reform REUL in the construction sector (at least in terms of absolute number of pieces and proportionally) than in the Accomodation and food service activities sector or indeed the Financial and insurance activities and Manufacturing. Of course this is only indicative, these sectors may have much less REUL, and more importantly much less REUL which is more likely to be reformed, but if the pieces of REUL in these sectors which is more likely to be reformed (i.e. unreformed REUL which doesn't give effect to international obligations) are of crucial importance then the impact on these sectors could be much more significant than in other sectors such as Transportation and Storage or Agriculture, Forestry and Fishing which have lower proportions of their REUL which is less likely to be reformed.

Potential impact on small, micro and medium sized businesses

Table 5 below shows the breakdown of REUL by sector and the count of small and micro businesses and the employees and turnover for those same businesses. The top 5 sectors: Agriculture, forestry and fishing; Transportation and storage; Financial and insurance activities; Manufacturing; and Mining and Quarrying, Electricity, gas, steam and air conditioning supply, Water supply, sewerage, waste management and remediation activities[12] account for 1,832 of all REUL, or nearly 76%. These same sectors contain just over 910,000 small and micro businesses, or 15.3% of the total, employ 2.2 million employees or 16.9% of the 13.3 million total employed in small and micro businesses in the UK., and account for £226.5bn or 14.4% of total turnover of all small and micro firms in the UK.[13] Clearly then the main bulk of REUL doesn't directly impact sectors in which most small and micro businesses operate. Of course this only accounts for the number of pieces of REUL and doesn't account for the disbenefits and benefits that each individual piece and the aggregate of REUL imposes on firms. Some REUL will have a much more significant impact than other pieces, but at this stage we cannot estimate what the disbenefits and benefits of are - as we move forward and departments review their stock of REUL, estimates of the disbenefits and benefits of all substantive changes will be made as part of the administrative programme - therefore this analysis provides the best current estimate of the overall impact of REUL on small and micro businesses.

Table 5: Breakdown of REUL by sector and small and micro businesses[14] (SICs ordered by REUL volumes)

SIC code	Description	Total REUL	Count of Small and micro businesses	% of all small and micro businesses	Small and Micro employees	% of total employees in sector	Turnover (£ million)	% of sectoral turnover
A	Agriculture, Forestry and Fishing	493	154800	2.6%	397	81.5%	38261	81.0%

[12] This last sector is actually a combination of Sections B, D and E, which are combined together in the business population estimates and so are presented as such here.

[13] Although it should be noted that figures for turnover are not available for the Financial and insurance activities sector.

[14] Small and Micro business figures are estimates taken from the 2020 business population estimates: https://www.gov.uk/government/statistics/business-population-estimates-2020

H	Transportation and storage	482	344,560	5.8%	613	38.7%	64484	30.4%
K	Financial and insurance activities	365	90835	1.5%	227	20.8%	N/A	N/A
C	Manufacturing	347	280965	4.7%	908	34.0%	91404	14.7%
B, D and E	Mining and Quarrying, Electricity, gas, steam and air conditioning supply, Water supply, sewerage, waste management and remediation activities	145	39095	0.7%	100	24.9%	32313	14.9%
O	Public administration and defence; compulsory social security	133	N/A	N/A	N/A	N/A	N/A	N/A
N/A	Multiple Sectors	108	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	72	N/A	N/A	N/A	N/A	N/A	N/A
M	Professional, scientific and technical activities	41	868700	14.6%	1694	61.2%	173978	47.3%
J	Information and communication	39	379130	6.4%	730	50.5%	85807	29.7%
I	Accomodation and food service activities	34	219135	3.7%	1167	47.1%	48097	41.4%
Q	Human health and social work activities	34	375735	6.3%	932	50.7%	44902	51.6%
R	Arts, entertainment and recreation	27	311305	5.2%	476	59.0%	26753	27.4%
F	Construction	23	989835	16.7%	1665	76.5%	213767	60.4%
S	Other service activities	23	363950	6.1%	637	88.5%	27327	76.2%
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	18	546780	9.2%	1829	36.1%	532075	35.1%
P	Education	17	324240	5.5%	460	76.7%	18289	70.7%
U	Activities of extraterritorial organisations and bodies	11	N/A	N/A	N/A	N/A	N/A	N/A
L	Real estate activities	2	126320	2.1%	349	64.3%	43762	64.3%
N	Administrative and support service activities	1	521,160	8.8%	1118	36.5%	135324	46.0%

T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use	1	N/A	N/A	N/A	N/A	N/A	N/A
	All sectors		5936545		13302	48.0%	1576541	36.3%

Table 6 below shows REUL broken down by sector and the count of medium sized businesses, their employees and turnover. The top 5 sectors for most REUL collectively contain nearly 11,000 medium sized businesses or 27% of all medium sized businesses in the economy, employ 1.37 million people or almost 28% of all employment in Medium sized firms in the UK, and generate turnover of £249bn or 26.2% of total turnover of medium sized firms in the UK. Comparing these figures to those for small and micro firms it is clear that these sectors where the large majority of REUL resides are significantly more important for medium sized firms than for their smaller competitors. Nevertheless, while 28% of medium sized firms are in these sectors, more than 70% operate in the rest of the economy where REUL plays a smaller role - at least in terms of number of pieces if not in terms of importance as pieces of regulation for those sectors.

Table 6: Breakdown of REUL by sector and medium businesses[15]

SIC code	Description	Total REUL	Count of Medium businesses	Medium employees	% of total employees in sector	Turnover (million £)	% of total sector turnover
Section A	Agriculture, Forestry and Fishing	493	510	62000	17.7%	6190	21.9%
Section H	Transportation and storage	482	1,740	214,000	13.5%	42,884	20.3%
Section K	Financial and insurance activities	365	1130	157000	14.4%	0	N/A
Section C	Manufacturing	347	6,945	876000	32.8%	171254	27.6%
Section B, D and E	Mining and Quarrying, Electricity, gas, steam and air conditioning supply, Water supply, sewerage, waste management and remediation activities	145	515	64,000	15.9%	29,201	13.5%
Section O	Public administration and defence; compulsory social security	133	N/A	N/A	N/A	N/A	N/A

[15] Medium business figures are estimates taken from the 2020 business population estimates: https://www.gov.uk/government/statistics/business-population-estimates-2020 ; Medium is here defined as businesses with up to 499 employees.

N/A	Multiple Sectors	108	N/A	N/A	N/A	N/A	N/A
N/A	N/A	72	N/A	N/A	N/A	N/A	N/A
Section M	Professional, scientific and technical activities	41	4115	508000	18.4%	91839	24.9%
Section J	Information and communication	39	2285	274000	19.0%	71791	24.8%
Section I	Accomodation and food service activities	34	3575	417000	16.8%	21734	18.7%
Section Q	Human health and social work activities	34	3960	434000	23.6%	19528	22.4%
Section R	Arts, entertainment and recreation	27	975	127000	15.7%	12882	13.2%
Section F	Construction	23	2,275	255,000	11.7%	61,727	17.4%
Section S	Other service activities	23	400	45000	6.3%	3941	11.0%
Section G	Wholesale and retail trade; repair of motor vehicles and motorcycles	18	5,660	683000	13.5%	335743	22.2%
Section P	Education	17	725	91000	15.2%	4870	18.8%
Section U	Activities of extraterritorial organisations and bodies	11	N/A		N/A	N/A	N/A
Section L	Real estate activities	2	570	78000	14.4%	10632	15.6%
Section N	Administrative and support service activities	1	4750	626000	20.4%	69055	23.5%
Section T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use	1	N/A		N/A	N/A	N/A
	All Sectors		40130	4914000		953269	21.9%

Table 7 shows the breakdown of REUL by sector and the distribution of small and micro businesses in the UK across these sectors. More importantly it shows the breakdown of REUL that remains unreformed and which does not give effect to international treaty obligations that the UK remains a party to. In other words the portion of unreformed REUL which is more likely to be reformed in a substantive way. Many of the sectors with the largest amounts of this type of REUL have a relatively small proportion of the total of small and micro businesses. for example the top 5 sectors for this type of REUL: Financial and Insurance activities; Agriculture, Forestry and Fishing; Transportation and storage; Manufacturing; and Mining and Quarrying, Electricity, gas, steam and air conditioning supply, Water supply, sewerage, waste management and remediation activities have a combined total of 1,289 of the total amount of this type of REUL of 1,564, or 82.4%. Those same sectors contain an estimated

910,000 small and micro businesses, which is only just over 15% of the nearly 6 million such businesses in the UK. They employ more than 2.2 million employees or almost 17% of the estimated total number of employees in small and micro businesses in the UK of 13.3 million. And they have turnover of £226.5bn or 14.4% of total turnover of all small and micro firms in the UK. Therefore, the bulk of REUL which is likely to be substantively changed covers sectors where small and micro businesses play a relatively small role compared to their position in the wider UK economy.

Table 7: Breakdown of REUL by sector and small and micro businesses

SIC code	Description	Total REUL	Total unreformed REUL	Unreformed REUL which doesn't give effect to international obligations	Count of Small and micro businesses	% of total Small and Micro businesses	Small and Micro employees	% of total small and micro employees
Section K	Financial and insurance activities	365	357	356	90,835	1.5%	227,000	1.7%
Section A	Agriculture, Forestry and Fishing	493	378	308	154,800	2.6%	397,000	3.0%
Section H	Transportation and storage	482	371	268	344,560	5.8%	613,000	4.6%
Section C	Manufacturing	347	297	255	280,965	4.7%	908,000	6.8%
Section B, D and E	Mining and Quarrying, Electricity, gas, steam and air conditioning supply, Water supply, sewerage, waste management and remediation activities	145	112	102	39,095	0.7%	100,000	0.8%
Section O	Public administration and defence; compulsory social security	133	112	84	N/A	N/A	N/A	N/A
Section I	Accomodation and food service activities	34	33	30	219,135	3.7%	1,167,000	8.8%
Multiple Sectors	Multiple Sectors	108	75	29	N/A	N/A	N/A	N/A
Section J	Information and communication	39	38	28	379,130	6.4%	730,000	5.5%
N/A	N/A	72	29	27	N/A	N/A	N/A	N/A
Section R	Arts, entertainment and recreation	27	24	15	311,305	5.2%	476,000	3.6%

Section F	Construction	23	21	12	989,835	16.7%	1,665,000	12.5%
Section Q	Human health and social work activities	34	27	12	375,735	6.3%	932,000	7.0%
Section G	Wholesale and retail trade; repair of motor vehicles and motorcycles	18	18	11	546,780	9.2%	1,829,000	13.7%
Section S	Other service activities	23	13	10	363,950	6.1%	637,000	4.8%
Section M	Professional, scientific and technical activities	41	18	6	868,700	14.6%	1,694,000	12.7%
Section U	Activities of extraterritorial organisations and bodies	11	10	6	N/A	N/A	N/A	N/A
Section L	Real estate activities	2	2	2	126,320	2.1%	349,000	2.6%
Section P	Education	17	5	2	324,240	5.5%	460,000	3.5%
Section T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use	1	1	1	N/A	N/A	N/A	N/A
Section N	Administrative and support service activities	1	1	0	521,160	8.8%	1,118,000	8.4%
All sectors		2416	1941	1564	5,936,545	100.0%	13,302,000	100.0%

Furthermore, as can be seen in table 8, which compares the distribution of small and micro businesses (i.e. firms with fewer than 50 employees), medium firms with up to 499 employees and large firms with 500 or more employees. The top 5 sectors for this type of REUL which is more likely to be substantively reformed, have in general relatively more medium businesses than small and micro firms and also more large businesses than medium firms. Across these 5 sectors 15.3% of all small and micro firms operate, this compares to medium firms where 27% of firms that size operate, and 38% of large firms. In other words in general the pattern is that the larger a firm is the more likely it is to operate in these sectors compared to its smaller competitors. In part this may be because these sectors are unsuited to small and micro businesses, perhaps because economies of scale are more important. Or potentially there could be regulation - including pieces of unreformed REUL - or other barriers to competition which make it difficult for small and micro businesses to enter and for them and medium sized firms to scale up in these sectors. Precisely because of their smaller size, small and micro businesses are less able to take advantage of economies of scale and may face more barriers to accessing capital markets than their larger competitors. Their size may also make it harder for them to absorb the cost of unexpected events. If regulations impose the same or similar compliance costs on smaller firms as large firms this will be a disproportionate burden for the smaller firms.[16]

[16] https://www.rand.org/content/dam/rand/pubs/working_papers/2006/RAND_WR317.pdf

Furthermore, among the smallest firms such as startups, which are too small or lack the resources for specific compliance staff, regulatory compliance costs may be paid in the form of founders and other key personnel spending their valuable time ensuring the firm complies, for example filling out forms. For a startup the opportunity cost is likely high. These key personnel could spend this time on higher productivity activities such as generating revenue for the firm, raising additional capital, or developing new product offers. Reforming REUL could therefore present an opportunity to reduce barriers to entry and scaling creating opportunities specifically for small, micro and medium sized businesses. And because small and micro businesses are less likely to operate in these sectors, at the aggregate level they will likely be less impacted than larger firms from any disbenefits that may arise because of reform of REUL. It should however be caveated that this analysis is based only on the amount of REUL, rather than the cost and benefit of it. Some pieces of REUL will have a much higher economic impact than others, and sectors with only a few bits of significant REUL may be more materially impacted than a sector with lots of bits of REUL which have only a small material impact. All of the above analysis should thus be taken as indicative of the potential impact based on where REUL sits rather than a comprehensive analysis of the potential disbenefits and benefits of REUL reform, something which will only be possible further down the line as departments review and assess their stock of REUL and if and how they wish to update, restate, repeal, revoke or replace it.

Table 8: Small and micro, Medium and large businesses

SIC code	Description	Unreformed REUL which doesn't give effect to international obligations	Count of Small and micro businesses	% of total Small and Micro businesses	Count of Medium businesses	% of total medium businesses	Count of Large firms	% of total large firms
Section K	Financial and insurance activities	356	90,835	1.5%	1130	2.8%	225	5.85%
Section A	Agriculture, Forestry and Fishing	308	154,800	2.6%	510	1.3%	30	0.78%
Section H	Transportation and storage	268	344,560	5.8%	1740	4.3%	220	5.72%
Section C	Manufacturing	255	280,965	4.7%	6945	17.3%	570	14.82%
Section B, D and E	Mining and Quarrying, Electricity, gas, steam and air conditioning supply, Water supply, sewerage, waste management and remediation activities	102	39,095	0.7%	515	1.3%	85	2.21%
Section O	Public administration and defence; compulsory social security	84	N/A	N/A	N/A	N/A	N/A	N/A
Section I	Accomodation and food service activities	30	219,135	3.7%	3575	8.9%	335	8.71%
Multiple Sectors	Multiple Sectors	29	N/A	N/A	N/A	N/A	N/A	N/A
Section J	Information and communication	28	379,130	6.4%	2285	5.7%	195	5.07%
N/A	N/A	27	N/A	N/A	N/A	N/A	N/A	N/A
Section R	Arts, entertainment and recreation	15	311,305	5.2%	975	2.4%	115	2.99%

Section F	Construction	12	989,835	16.7%	2275	5.7%	140	3.64%
Section Q	Human health and social work activities	12	375,735	6.3%	3960	9.9%	225	5.85%
Section G	Wholesale and retail trade; repair of motor vehicles and motorcycles	11	546,780	9.2%	5660	14.1%	615	15.99%
Section S	Other service activities	10	363,950	6.1%	400	1.0%	20	0.52%
Section M	Professional, scientific and technical activities	6	868,700	14.6%	4115	10.3%	355	9.23%
Section U	Activities of extraterritorial organisations and bodies	6	N/A	N/A	N/A	N/A	N/A	N/A
Section L	Real estate activities	2	126,320	2.1%	570	1.4%	95	2.47%
Section P	Education	2	324,240	5.5%	725	1.8%	45	1.17%
Section T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use	1	N/A	N/A	N/A	N/A	N/A	N/A
Section N	Administrative and support service activities	0	521,160	8.8%	4750	11.8%	575	14.95%
All sectors		1564	5,936,545	100.0%	40130	100.0%	3,015	100.00%

Benefits

Sunsetting and Secondary powers

<u>Change to the UK regulatory system</u>

The Bill will allow the UK to adapt its regulatory landscape to reduce overall regulatory burden and in turn help to tackle cost of living issues, boost innovation and entrepreneurship, and support HM Government priorities and UK interests. The sunsetting and assimilation powers will be used to address the over 2,400 regulations on the UK statute book and remove those regulations that are superfluous or detrimental to UK businesses and consumers. While the secondary powers will be used to amend or repeal those regulations in the over 2,400 pieces of REUL that departments assess as being a net cost in their current form. Without these powers, many of these regulations might remain on the UK statute book unchanged for years to come, perhaps indefinitely, limiting the scope for the development of a bespoke regulatory regime that puts UK interests first .

1. Reducing overall regulatory burdens to help with Cost of living
Excessive and unnecessary regulations which burden business or distort market outcomes and reduce efficiency and productivity will push up prices and negatively affect everyone's cost of living. The sunsetting provisions and secondary powers will allow the Government to rapidly remove and amend regulations that place an unnecessary burden and cost on UK businesses and consumers and may act to increase the cost of living. Examples of such REUL include the EU Vnuk motor insurance law which requires a wider range of vehicles beyond cars and motorbikes, such as golf buggies, mobility scooters and quad bikes to have motor insurance and would have extended it to vehicles on private land such as ride on lawnmowers. Repealing the legislation and not implementing the law will save British motorists from a roughly £50 per year hike in insurance costs. Other reform measures may help tackle the cost of living indirectly by cutting the cost of regulation for business. For example, the GDPR which the UK implemented while in the EU, imposes significant administrative costs onto businesses such as high compliance costs for demonstrating accountability with the regulations. These costs likely end up being passed at least partially on to consumers in the form either of higher prices or lower real terms wages. There may therefore be scope to reduce burden while retaining any policy outcomes that are considered beneficial. However, this benefit has to be balanced against the costs which may arise due to the potential loss of data adequacy.

2. Boosting UK productivity through innovation
Sunsetting and the secondary powers will facilitate the ability of departments to reduce the regulatory burden on UK businesses, which may allow them greater freedom to innovate and compete internationally. A reduction in regulatory burden (whether through a reduction in the number of regulations or the cost of regulations) has the potential to incentivise an increase in investment by domestic and foreign firms. This is likely to deliver higher productivity, employment and economic growth. Departments have highlighted specific areas for innovation that are limited by REUL. These include but are not limited to restrictions on lab-grown meat and Artificial Intelligence, and a review of the Intellectual Property system to support innovation and promote competition.

3. UK interests and HM Government priorities
Sunsetting and the secondary powers will help to improve our existing regulatory system by removing or reforming unnecessary and damaging regulations to ensure that the system delivers on the UK interests and government priorities. For example, revoking the Port Services Regulation, which was geared towards the rest of the EU and has not worked well in the very different context of the UK where ports are privately owned and generally seen as efficient and competitive. The regulation thus creates an unnecessary administrative burden on UK ports.

Adaptive regulatory environment
This Bill will downgrade retained direct EU law from primary to secondary for the purposes of amendment, enabling it to be amended by secondary powers. This will make it quicker to address this body of law and amend or repeal it to suit the UK's particular circumstances. The majority of REUL was created through a lengthy process of compromise between 28 countries, with 28 disparate interests. The UK will have the ability to respond quickly and efficiently to unexpected changes in circumstances, as evidenced by the Coronavirus pandemic and the Russian invasion of Ukraine.

Clear supremacy of UK law
Sunsetting provides a clear date for restoring the supremacy of Acts of Parliament in the UK legal system. Sunsetting or assimilating REUL will end the complexity of two statute books by restoring a single UK statute book, with consistent principles and interpretation rather than the current situation where REUL is afforded special status and treated differently. Without sunsetting and assimilation, retained EU law could persist on the statute book. The bill will also downgrade REUL and end its legal supremacy. Ensuring that UK law is supreme and restoring acts of parliament as the highest law in the land. This will reduce legal complexity in the UK and provide clarity.

Disbenefits

Sunsetting and Secondary Powers
We have identified the following potential disbenefits associated with the secondary powers in the Bill.

Business Uncertainty
In January 2022 the Government published *The Benefits of Brexit* report which laid out the Government's high-level vision and ambitions for how the regulatory landscape will change.[17] The plans set out in this report give businesses the direction of travel on post-Brexit regulatory changes which helps businesses to plan for any changes that will occur and improve certainty. As businesses may not be able to accurately predict the regulatory environment until the Government makes clear what REUL it wants to amend and sunset, there is some risk to business certainty. Furthermore, the ability to amend REUL more easily and quickly may increase the amount of legislative change which occurs which could compound this uncertainty.

The inclusion of an extension power which temporarily allows a department to extend the sunset date up to 23 June 2023 on specified descriptions of REUL further increases the degree of uncertainty that businesses will face. Not only because for any specific piece of REUL there is uncertainty about whether it will be assimilated as it is, reformed and assimilated, sunset on 31 December 2023, or temporarily extended up until 23 June 2023. The uncertainty will also be because all interpretive effects will fall away on all REUL on 31 December 2023 whether the department uses the extension power to extend the sunset date or not. For most policy areas that REUL impacts the end of interpretive effects will have minimal impact, but for certain areas where regulation relies heavily on case law - such as Employment, Tax, Competition, Intellectual Property, and Data law - the potential impact and the uncertainty arising from this could be significant depending on whether legislative changes are made to plug any perceived gaps. The ending of interpretive effects could create new litigation where parties test whether the regulations still operate in the same way, which does create uncertainty but could also create opportunities for businesses. It is unlikely that ending interpretive effects will have a significant general negative impact on firms across these sectors. Potentially more likely is that negative impacts will manifest on the margin with potentially significant disbenefits for individuals or specific firms.

Any uncertainty that does arise could cause consumers or foreign companies to delay major investments e.g. home ownership or FDI. However, businesses have demonstrated their ability to adapt well to uncertainty caused by COVID-19 and changes to the UK-EU trading relationship (although in the context of large-scale government spending and information campaigns). Any uncertainty that does arise is the inevitable cost of building a more adaptive and agile regulatory environment where the government is better able to change regulation to suit the circumstances of the UK and solve regulatory blockages more quickly.

Uncertainty may cause disbenefits for incumbents, but this isn’t necessarily a disbenefit per se as it can cause market disruption which offers new opportunities as regulatory change often facilitates market entry for new entrants or new products and services. Business uncertainty is difficult to monetise because of difficulties in assessing the actions firms may take in response to it and the outcomes which will result. We have therefore not been able to monetise this disbenefit.

As a corollary of the above, the power for domestic courts to use greater discretion to depart from CJEU interpretations contained within the Bill may create additional uncertainty for businesses. The potential for UK courts to depart from past decisions on an issue could mean that in certain areas, businesses can no longer rely on previous rulings as a guide for future ones.

However in those areas, such as competition, intellectual property and data, where departing from previous CJEU judgments could create significant amounts of relitigation, departments are expected to put in place policy measures to ensure that the intent of key policy is retained, thus minimising any uncertainty for businesses. As with the above, while uncertainty arising from departing from case law can be bad for incumbent firms, it can also create new opportunities for agile startups and SMEs to enter and scale up in the market.

Policy Divergence between Devolved Administrations (DAs)
The DAs will have the power to decide whether to restate as domestic law, preserve as “assimilated law”, sunset or amend REUL which falls within their devolved competence. This creates potential for divergence between the UK nations which could add administrative burdens, complexity and uncertainty for businesses operating across

17 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1054643/benefits-of-brexit.pdf

nations, may disincentive inter-regional trade and could theoretically weaken the coherence of the UK internal market. We are proactively engaging with the DAs and are committed to working closely with the DAs and departments in order to understand and mitigate any impacts that arise. Divergence will be managed carefully through established processes where they exist, such as the UK Internal Market Act 2020 and the Common Frameworks Programme. It is difficult to assess how far or when divergence between the four nations of the UK may occur and we have therefore been unable to monetise this disbenefit.

Deregulatory Risks

Due to the constraint on departmental and parliamentary time and resources, there is a potential risk of unintended harmful consequences if pieces of REUL are amended or sunset without proper review. For example, DEFRA and the FSA note the need for a significant legislative exercise for each of the approximately 100 pieces of REUL that pertain to food standards. Any gaps in food and feed safety and standard legislation could impact consumer safety, UK trade, and the strong international reputation of the UK food regulatory system.

However it is expected that departments will carry out an assessment of the impact of all substantive changes make to REUL, such as amending or sunsetting it, and this should ensure this issue presents only a minimal risk. It is difficult to assess in quantitative terms how much of a risk this disbenefit poses so we have not been able to monetise it.

Judicial Burden

The changes to the UK legal framework may lead to additional work for the judicial system. As a result of the COVID-19 pandemic and pre-existing budgetary constraints, the UK criminal justice system is experiencing delays and backlogs. There is some risk that reforming and/or sunsetting REUL using the powers in the bill will increase pressures on the courts system. Cabinet office officials have worked with MOJ officials to produce an internal Justice Impact Test, which appraises potential impacts of the bill on the justice system, for internal only resource consideration.

Direct costs and benefits to business calculations

At this stage it is not possible to quantify the costs to businesses of the core part of the Bill. This is because there is too much uncertainty on what these powers will be used for. Where secondary legislation will incur costs to businesses, this will be shown through Impact Assessments provided alongside the secondary legislation.

Impact on small and micro businesses

As explained above there is unlikely to be any immediate direct disbenefits on small and micro businesses for the core part of the Bill that can be quantified and monetised at this point. Any costs to businesses through secondary legislation will be shown through future Impact Assessments. As with other sized businesses, small and micro firms will be impacted by the greater uncertainty arising from the sunsetting and reform provisions in the bill. Uncertainty and being unsure about what regulations it needs to abide by are generally bad for businesses as it makes it hard to plan and thus can discourage investment. However, regulatory change can also create opportunities and lower barriers to entry and scaling up, and small and micro businesses may be able to benefit disproportionately from this. As already stated because the bill is enabling in nature there is too much uncertainty to comprehensively assess the impact of this uncertainty on small and micro businesses, however preliminary indicative analysis of the most likely sectors where reform will occur and how this might impact small and micro businesses can be found above in the Economic and wider impacts section of this impact assessment.

Monitoring and Evaluation

- *How will the impact of the new arrangements be monitored? What are the main external factors that will have an impact on the success of the intervention?*
- *How will you assess whether the original objectives have been met, or whether the intervention should be amended?*
- *What are the current monitoring and evaluation provisions in place for the current system, and how can they maintain the appropriate flexibility?*
- *Will you need to collect extra data that is not already being collected to assess whether the policy has been successful?*

- *What circumstances / changes in the market or sector would require the policy to be reviewed sooner or change the preferred option?*

The main impact of the Bill will not occur until departments make use of the powers contained within to amend, assimilate and sunset REUL. As departments are currently undertaking a process of establishing how they will reform their REUL - and have largely not yet made firm decisions on what REUL will be changed - it is not possible to form an expectation of what these changes will be for the purposes of this impact assessment. However, going forward following passage of the Bill, as departments assess their stock of REUL and decide whether to amend, restate as domestic law, preserve as "assimilated law" or sunset it, it is expected that departments will carry out proportionate cost benefit analysis on all substantive changes to REUL. In line with Better Regulation Framework, IAs may be required wherever there are material policy changes brought about through legislation. We are also exploring a range of approaches for handling sunset REUL, which may include a summary IA.

This will tie in with the REUL substance review which identifies each individual piece of REUL that each department is responsible for. The total number of pieces of REUL identified so far exceeds 2,400. Further to this the Brexit Opportunities Unit (BOU) will oversee ongoing efforts of departments to measure and monitor the costs of REUL to businesses and consumers and progress in reaching the target of removing £1bn worth of the costs of REUL to business - as set out in the *Benefits of Brexit* policy paper.[18] Together this will allow the government to keep track of how much REUL has been amended, assimilated or sunset, and how much of the costs that REUL imposes on UK businesses and consumers has been removed.

Annex

Total REUL by policy area

Area	Pieces of REUL
Common Fisheries Policy	107
Transport (Vehicle standards)	85
Excise & Environmental Taxes	79
Transport - Environment	60
Health and Safety	58
Aviation	56
Animal Health	55
Biosecurity, Import controls, controls on food handling within GB	54
Environmental Standards for Energy-related Products	52
N/A	41

[18]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1054643/benefits-of-brexit.pdf

Plant health	40
Markets in Financial Instruments Directive (MiFID)	39
Product Safety and Standards	39
Private Pension	38
Rural Development, Agriculture and the Environment	31
Biocides	29
Intellectual Property	29
Waste	29
Food and Feed Imports	28
Gas and Electricity Markets	28
Social Security Coordination	28
Value Added Tax	27
Agri-food (Genetically Modified Organisms)	25
Transport (Airspace, Noise and Resilience)	25
Transport (Rail interoperability)	25
Financial Services and Markets	23
Investments	23
Road Transport	22
Benchmarks Regulation	21
Climate change	21
Prior informed consent on import and export of hazardous chemicals (PIC)	21
Sea Fisheries	20
Financial Services	18
Food Hygiene	18

Transport (Rail Safety)	18
Animal health and biosecurity	17
Access to Benefits	16
Aircraft operators - EU ETS	16
Plant Varieties and Seeds	16
Transport (Seafarer health and safety)	16
Telecoms	15
Financial Markets	14
Food and feed safety and standards Animal health and welfare	14
Market Abuse Regulation	14
Residues of veterinary medicines in animals/animal products	14
Intellectual property	13
Animal Feed	12
Classification, labelling, packaging (CLP) of hazardous chemicals.	12
Elections	12
Stamp Duty and Stamp Duty Reserve Tax	12
The Food Additives, Flavourings, Enzymes and Extraction Solvents	12
Auctions - EU ETS	11
Employment	11
Environmental	11
Armed Forces Discipline	10
Carbon Capture and Storage	10

Contaminants in food	10
Corporate Reporting	10
Corporation Tax Reliefs	10
Food Compositional Standards	10
Securitisation	10
Animal welfare	9
Bank Recovery	9
Pesticides	9
Transport - Shipping	9
Transport (Rail - Access to infrastructure, licensing of operators)	9
Transport (Seafarer living and working conditions)	9
Capital Requirements Regulations	8
Competition Policy	8
Consumer protection	8
Corporation Tax	8
EU Mergers Directive Provisions	8
European Market Infrastructure Regulation	8
Payments	8
Private International Law	8
Rural Development, Agriculture, and the Environment. Also covers OGD interests.	8
Agricultural Farming Sectors Support	7
Chemicals	7
Consumer Credit	7

Customs - Enforcement Powers	7
Customs - Trade Statistics	7
Energy	7
Implements the compositional requirements of products and labelling and information requirements	7
Marketing Standards	7
Maternity	7
Spirit drinks	7
Student Funding Policy	7
Water Quality	7
Capital Gains Tax	6
Corporation Tax - Exit Charge deferred payments	6
Drug Precursor Chemicals	6
Emissions trading - EU ETS	6
Free allocation - EU ETS	6
Genetically Modified Food and Feed	6
Materials and Articles in Contact with Food	6
Medical Devices	6
Novel Foods	6
Planning	6
Prospectus Regime	6
Safety and quality of human material for human application	6
Securities Financing	6
Transport (Vehicle Registration)	6

veterinary medicines	6
Agri-food trade	5
Financial Regulation	5
Food information provided to final consumers and to mass caterers	5
Information exchange - direct tax	5
Insurance	5
Pensions	5
Sanctions	5
The Common Fisheries Policy and Animals	5
Transport (Air Services - Market Access)	5
Transport (Marine accident investigation)	5
Transport (Maritime Safety)	5
Transport (Shipping - Prevention of Marine Pollution)	5
Transport (Train driving)	5
Water Services	5
Wine policy	5
Asylum	4
Controls on the sale and possession of firearms / deactivated firearms	4
Criminal Law	4
Electronic Authentication and Electronic Trust Services	4
Food Labelling	4
Human medicines	4
Income Tax	4

Income Tax Reliefs	4
Procurement policy	4
Strategic export controls	4
Transport (Seafarer Training & Certification)	4
Agriculture	3
Alternative Fund Management	3
Building Societies	3
Carbon leakage - EU ETS	3
Child arrangements, public law children, family law, private international law	3
Collective investment schemes	3
Corporation Tax: Hybrid and other mismatches	3
Credit Rating Agencies	3
Credit Rating Agencies Regulation	3
Culture and customs policy	3
Customs - Enforcement, Appeals and Penalties	3
Customs: safety and security, AEO(S), registration	3
Cyber Security	3
Data Protection	3
Electronic Commerce	3
European Schools	3
Food and Feed Radioactive Contamination	3
Insurance Distribution	3
Marketing Standards for food.	3
medicated feed/feedingstuffs	3

Money Laundering	3
Money Market Funds	3
On-farm animal welfare	3
Online Child Sexual Abuse	3
Organics	3
Payment Services	3
Protection of Trading Interests	3
Reorganisation and Winding Up	3
Savings	3
Securities	3
Stamp Duty Land Tax (SDLT)	3
Transport (Driver Licensing).	3
Transport (Driver welfare/road safety)	3
Transport (Passenger rights)	3
Transport (Shipping - Employment)	3
Transport (Shipping - Marine Pollution)	3
Allowances - EU ETS	2
Annual Tax on Enveloped Dwellings (ATED)	2
Broadcasting	2
Buildings	2
Central Securities Depositories Regulations	2
CFC	2
Charities and CASCs	2
Child employment and related safety	2

Construction products regulation	2
Customs - Cash Controls	2
Domestic abuse protections, family law, Private International Law	2
Education and training	2
Electronic Money Regulations	2
European Long-term Investment Funds Regulation	2
European maritime fisheries fund	2
Financial Conglomerates	2
Financial Services and Markets OR Capital Buffers and Macro-prudential Measures	2
Fisheries, Aquaculture and Marine	2
Friendly Societies	2
Goods/Consumer protection	2
Hazardous Waste	2
Import Controls	2
Income Tax - share loss relief	2
Information and consultation	2
Inheritance Tax reliefs	2
Insolvency	2
International Industrial Gases - EU ETS	2
International Waste shipments	2
Investment Schemes	2
Law Enforcement and Criminal Justice	2
Legal Services	2

Management of investment funds	2
Money laundering and terrorist financing	2
Monitoring and reporting - EU ETS	2
Mortgages	2
MTPO	2
Mutual recognition of professional qualifications	2
Official controls for the verification of compliance with food and feed legislation (FSA competence)	2
Over the Counter Derivatives, Central Counterparties and Trade Repositories	2
Pension protection	2
Safety - ionising radiation	2
Security and Online Harms	2
Shipments of Waste	2
Short Selling Regulation	2
Social Security Coordination (Debt Recovery)	2
Solvency	2
Stamp Duty Reserve Tax	2
State Pensions	2
Transparency Directive	2
Transport (Access to infrastructure)	2
Transport (Airports Policy)	2
Transport (Cableways)	2
Transport (Rail - Working Time)	2
Transport (Road user charging)	2

Transport (roadworthiness)	2
Transport (Shipping - Climate Change)	2
Transport (Shipping - Maritime security)	2
Transport (vehicle weights)	2
Animals in Science	1
Animals of the bovine, porcine, ovine, caprine and equine species	1
Aquaculture	1
Bail in Power implementation - apply bail-in effectively to building societies and apply safeguards for compensation and restriction of special bail-in provision	1
Banking and Finance	1
Border Security	1
Brownfield registers	1
Capacity utilisation factor - EU ETS	1
Capital Requirements	1
Capital Requirements (Country-by-Country Reporting)	1
Central securities depositories	1
Collective investments in transferable securities	1
Company Law	1
Conflict Minerals	1
Conservation and environmental planning	1
Contaminant MRLs	1
Control of major accident hazards in land-use planning	1
Controllers Regulations	1

Covered bonds	1
Credit Institutions	1
Credit Rating	1
Credit Rating (Civil Liability)	1
Credit transfers	1
Credit Transfers and Direct Debits	1
Cross-border payments in the Community	1
Cross-sectoral correction factor - EU ETS	1
Customs - Enforcement of Intellectual Property Rights	1
Customs: safety and security and AEO(S)	1
Defence and Security Procurement Regulations	1
Deposits	1
Driver Licensing	1
Early Years education	1
Energy: Offshore oil and gas	1
Environment - ship recycling	1
European social entrepreneurship funds	1
European venture capital funds Regulation	1
Explosives Precursors	1
Feed additives	1
Financial Services (Distance Marketing)	1
Financial Services (EEA Passport Rights)	1
Financial Services and Markets OR Resolution and Compensation Financial Services	1

Financial Services/Financial Regulation	1
Financing innovative technologies - EU ETS	1
Fish	1
Fisheries	1
Food	1
Food Contact Materials	1
Food Irradiation	1
Food sampling and UK qualifications	1
Forestry	1
Free movement of capital	1
Gibraltar - access to UK financial services market.	1
Global warming potentials - EU ETS	1
Goods	1
Income & Corporation Tax Reliefs	1
Innovation Fund - EU ETS	1
Insurance Linked Securities	1
Insurance Mediation	1
International education	1
International research and innovation	1
Investment (Priips)	1
Investment Exchanges	1
Investment funds	1
Investment Products (Priips)	1
Irregular Migration	1

Kimberley Process	1
Meat	1
Minimen frequency of analyses - EU ETS	1
Minimum Loss coverage for non-performing exposures	1
Modernisation Fund - EU ETS	1
Money Laundering Directive	1
Movement of Waste	1
net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties	1
Non-disbursed revenues - EU ETS	1
Oil Taxation Act	1
Online Harms, Digital Infrastructure/Telecoms.	1
Online Harms, Telecoms.	1
OTC derivatives, central counterparties and trade repositories	1
Outstanding obligations under EU ETS; continuing participation of NI electricity generators in EU ETS	1
Overpayment Relief applies to Income Tax and Capital Gains Tax	1
Passenger Transport (Community Transport)	1
Permitted Development Rights	1
Personal Income Tax	1
Personal Tax Remittance Basis	1
Privacy	1
Protocol / Privileges and Immunities (P&I)	1

Prudential requirements for credit institutions and investment firms	1
Public health	1
Public Record Disclosure of Information	1
Recovery and resolution of credit institutions and investment firms	1
Regulation of architects	1
Regulation of Services	1
Renewable electricity	1
Residues	1
Retail and Insurance based Investments.	1
Rural Development, Agriculture, and the Environment	1
Sport, Gambling and Ceremonials	1
Switzerland flights - EU ETS	1
Textile Labelling	1
The Materials and Articles in Contact with Food	1
Time limits - EU ETS	1
Transfer Schemes	1
Transport - environment	1
Transport (Air services - Market Access)	1
Transport (alternative fuels)	1
Transport (construction & use)	1
Transport (dangerous goods)	1
Transport (Environment / Climate Change)	1
Transport (fuel emissions)	1

Transport (Goods vehicle roadworthiness)	1
Transport (Local Transport)	1
Transport (Marine Equipment)	1
Transport (Maritime safety - shipowner liability & insurance)	1
Transport (Rail - Access to infrastructure)	1
Transport (Rail - Access to training)	1
Transport (Rail - Operator licensing)	1
Transport (Rail Markets)	1
Transport (Rail Passenger Rights)	1
Transport (Rail public service obligations)	1
Transport (recharging/refuelling infrastructure)	1
Transport (renewable fuels)	1
Transport (road works)	1
Transport (Shipping - Air quality - public health and environmental protection)	1
Transport (Shipping - Competition)	1
Transport (Shipping - Maritime Safety)	1
Transport (Shipping - Port Services)	1
Transport (technical standards for inland waterway vessels)	1
Transport (traffic control equipment)	1
Transport infrastructure (multimodal)	1
Trust Registration Service Policy	1
TV	1
Venture Capital Funds	1

Verifiers - EU ETS	1
Veterinary medicines and medicated feed	1