

Administrative Burdens of Regulation – Department for Work and Pensions

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As part of its strategy for driving down the administrative burden of complying with regulations, government departments commissioned PwC to work with business and the voluntary sector to estimate the administrative costs of regulation.

This report, produced by the Better Regulation Executive alongside the Department for Work and Pensions (DWP), provides a high level summary of the burdens relating to the DWP and is adjusted to take account of activity that business would choose to do even if the regulation did not exist (business as usual or BAU). This report should be read alongside the DWP's Simplification Plan which sets out a programme of reform to reduce these burdens.

DWP's administrative burdens relative to the cross-government Admin Burden total:

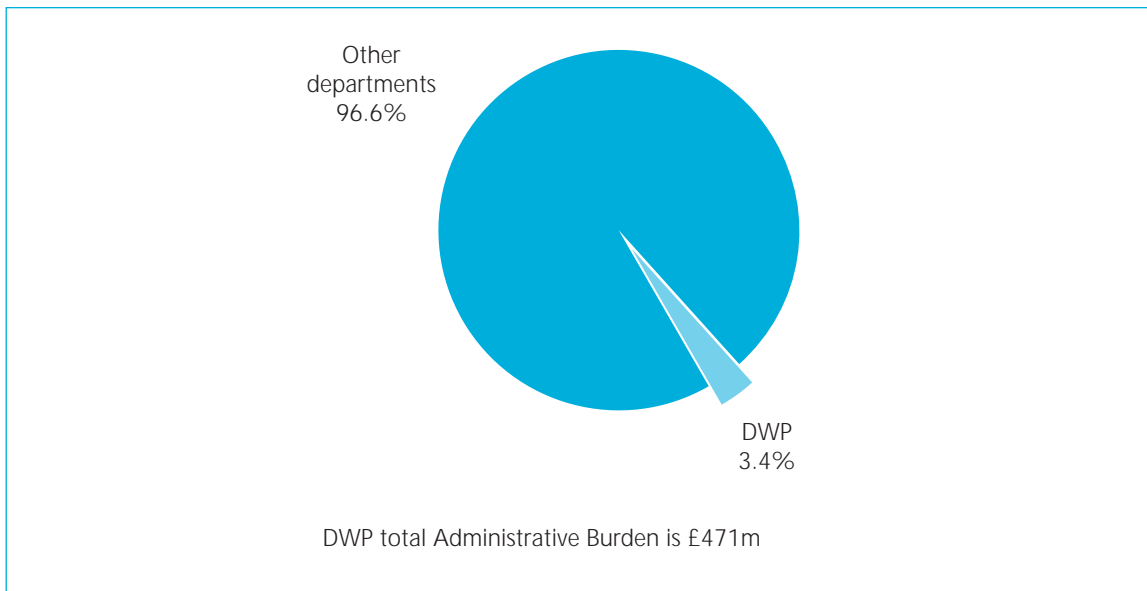


Table 1 – Top 10 Regulations (which represent approx. 75% of total burden)

This table shows, for each of the DWP's 10 most burdensome regulations: the administrative burden and the proportion of the departmental total the regulation accounts for; how the cost breaks down by source; and whether costs are incurred in providing information to government or third parties either directly or through contracts with suppliers.

Department for Work and Pensions

			% Cost by Origin			% Cost – Non-Third Party		% Cost – Third Party	
Regulation Name	Admin Burden (£m's)	% of Dept. Total	A	B	C	Internal Cost	External Cost	Internal Cost	External Cost
Employers' Liability (Compulsory Insurance) Regulations 1998	£71.0	15.1%	0.0%	0.0%	100%	52.8%	0.0%	47.2%	0.0%
Statutory Sick Pay (General) Regulations 1982	£50.0	10.6%	0.0%	0.0%	100%	90.2%	0.5%	8.4%	0.8%
Pensions Act 1995 (c. 26)	£49.5	10.5%	0.0%	0.0%	100%	17.3%	3.3%	7.7%	71.7%
Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996	£40.1	8.5%	0.0%	0.0%	100%	0.9%	3.4%	6.6%	89.1%
Personal Pension Schemes (Disclosure of Information) Regulations 1987	£34.4	7.3%	0.0%	0.0%	100%	0.0%	0.0%	100%	0.0%

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			% Cost by Origin			% Cost – Non-Third Party		% Cost – Third Party	
Regulation Name	Admin Burden (£m's)	% of Dept. Total	A	B	C	Internal Cost	External Cost	Internal Cost	External Cost
Personal Pension Schemes (Payments by Employers) Regulations 2000	£23.6	5.0%	0.0%	0.0%	100%	100%	0.0%	0.0%	0.0%
Social Security (Recovery of Benefits) Act 1997	£22.8	4.8%	0.0%	0.0%	100%	5.9%	0.0%	94.1%	0.0%
Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 1996	£22.5	4.8%	0.0%	0.0%	100%	59.0%	0.0%	41.0%	0.0%
Occupational Pension Schemes (Disclosure of Information) Regulations 1996	£21.5	4.6%	0.0%	0.0%	100%	0.0%	0.0%	90.8%	9.2%
Occupational Pension Schemes (Contracting-out) Regulations 1996	£19.5	4.1%	0.0%	0.0%	100%	67.5%	0.0%	27.5%	5.0%
Other Regulations	£116.1	24.6%	2.3%	0.0%	86.4%	29.0%	9.0%	41.4%	9.2%
Total	£471.0	100%	0.0%	0.0%	100%				

Table 2 – Top 20 Information Obligations (which represent approximately 70% of total burden)

Government regulations often consist of a number of separate obligations on business and the voluntary sector. To make progress in reducing the administrative burden it is important to know the costs of each of the individual obligations. This table shows the estimated administrative burden for DWP's 20 most burdensome obligations.

Department for Work and Pensions

Information Obligation Description	Regulation Name	Admin Burden (£ms)
Maintaining records, in relation to each employee, for three years after the end of each tax year, including details of any payment of statutory sick pay made (not including contractual remuneration for the employer) and records of sick leave of four or more consecutive days for each employee, whether or not the employee would normally have been expected to work on that day.	Statutory Sick Pay (General) Regulations 1982	£44.4
Ensuring that each certificate or copy certificate of insurance issued under the regulation (Employers Liability Compulsory Insurance Regulations 1998) is retained for a period of 40 years, commencing on the date on which the insurance to which it relates commences or is renewed.	Employers' Liability (Compulsory Insurance) Regulations 1998	£36.9
Obtaining a valuation from the actuary stating the assets and liabilities of the scheme on date specified in the valuation.	Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996	£34.2
Displaying the certificate of insurance or copy at each place of business at which he employs any relevant employee of the class or description to which such certificate relates.	Employers' Liability (Compulsory Insurance) Regulations 1998	£33.5
Keeping records of employers' payments to personal pension schemes which record separate entries for the rates of contribution payable on the employee's own account and on behalf of the employee out of deductions from the employee's earnings.	Personal Pension Schemes (Payments by Employers) Regulations 2000	£23.6
Obtaining: <ul style="list-style-type: none"> • an actuarial valuation before the end of prescribed intervals • on prescribed occasions or within prescribed periods a certificate prepared by the actuary of the scheme. 	Pensions Act 1995 (c. 26)	£23.2

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Information Obligation Description	Regulation Name	Admin Burden (£ms)
Providing information to benefit claimants where they have made a successful compensation claim due to accident, injury or disease.	Social Security (Recovery of Benefits) Act 1997	£16.1
Obtaining proper advice on the question whether the investment is satisfactory having regard to various factors including their own statement of investment principles.	Pensions Act 1995 (c. 26)	£14.1
Keeping records of the steps taken to secure that the required arrangements for member nominated trustees are put in place.	Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 1996	£13.3
Providing certain information in writing to each member of the scheme at least once in every 12 month period.	Personal Pension Schemes (Disclosure of Information) Regulations 1987	£12.4
Providing certain information in writing to each member at least every 12 months which states the amount of contributions credited to each member during the 12 months and where appropriate the amount of the minimum contributions paid by the Secretary of State in that period.	Personal Pension Schemes (Disclosure of Information) Regulations 1987	£12.4
Providing a written statement on the request of an employee regarding statutory sick pay leave.	Social Security Administration Act 1992	£11.8
Providing information to relevant authorities when requested in respect of a claim for housing benefit entitled to refugees.	Housing Benefit (General) Regulations 1987	£11.0
Providing employees with the name, address, and other relevant information of any pension scheme which is registered as a stakeholder pension scheme.	Welfare Reform and Pensions Act 1999 (c. 30)	£10.1
Sending a notice to all members inviting nominations for member nominated trustee/director positions.	Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 1996	£9.0
Keeping records of trustee meetings.	Occupational Pension Schemes (Scheme Administration) Regulations 1996	£8.4
Providing information on the pension scheme to every prospective member of the scheme.	Occupational Pension Schemes (Disclosure of Information) Regulations 1996	£8.4

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Information Obligation Description	Regulation Name	Admin Cost (£ms)
Notifying the Commissioners of Inland Revenue when a person transfers his responsibility for, or makes a transfer payment in respect of, a guaranteed minimum pension.	Occupational Pension Schemes (Contracting-out) Regulations 1996	£8.1
Providing any information or documentation requested by the Pensions Ombudsman in respect of an investigation being held by the Ombudsman following a complaint made to him.	Pensions Schemes Act 1993 (c. 48)	£6.9
Making a written application to the relevant authority for the payment of any sum of housing benefit of which a deceased tenant was entitled.	Housing Benefit (General) Regulations 1987	£5.8
Other Information Obligations	Other Regulations	£127.2
Total		£471.0

Table 3 – Breakdown of Information Obligation Types

This table shows how the administrative burden and the proportion of the departmental total breaks down by type of information obligation.

Department for Work and Pensions

Information Obligation Type	Admin Burden (£m's)	% of Department Total
Providing statutory information for third parties	£192.2	40.8%
Keeping records	£162.7	34.6%
Carrying out inspections of...	£51.8	11.0%
Returns and reports	£37.9	8.0%
Cooperating with audits/inspections of...	£10.9	2.3%
Applications for subsidies or grants for...	£5.9	1.2%
Notification of activities	£5.8	1.2%
Applications for permission for or exemption from...	£2.1	0.4%
Applications for authorisation	£1.1	0.2%
Framing complaints and appeals	£0.6	0.1%
Entry in a register	£0.0	0.0%
Total	£471.0	100.0%

Glossary

Administrative costs	The costs of administrative activities that businesses are required to conduct in order to comply with the information obligations that are imposed through central government regulation. These include, for example, form filling, keeping records or responding to information requests.
Administrative burden	The costs of administrative activities over and above what a business would choose to do in the absence of the regulation.
'Business as usual'	A measure of the activity that organisations would choose to do in the absence of the regulation. All figures in this publication allow for 'business as usual' costs.
Standard Cost Model	A pragmatic methodology that provides systematic measurement of the administrative costs of regulation ⁴ .
Cost by Origin	A measure of how the administrative burden of the regulation is split between different categories according to the origin of the requirements of the regulation.
'Category A'	Requirements that are international in origin with no domestic discretion in how they are implemented.
'Category B'	Requirements that are international in origin with some domestic discretion in how they are implemented.
'Category C'	Requirements that are domestic in origin.
Information Obligation	A specific requirement that must be fulfilled in order to comply with a regulation. Regulations often consist of a number of separate information obligations.
Non-Third Party Costs	Costs relating to obligations to provide information to a public authority.
Third Party Costs	Costs relating to obligations to provide information to any person or organisation that is not a public sector body, for example employees, consumers or other stakeholders.
Internal Cost	Costs incurred within an organisation's existing resources (such as staff time) in order to comply with a regulation.
External Cost	Costs that an organisation incurs as a result of using external services (such as fees for professional advice or for specialist IT equipment) in order to comply with a regulation.

⁴ For further details see: <http://www.cabinetoffice.gov.uk/REGULATION/reform/simplifying/scm.asp>