



Department for
Business & Trade

Promoting MSMEs in Regulatory Development

March 2025

The Better Regulation Framework

What is it?

- The Better Regulation Framework (BRF) is the UK's system to manage the flow of regulation and understand its impacts.
- The UK launched the reformed BRF on 19 September 2023.
- The objectives of the new Framework are:

Consideration of
alternatives to
regulation

Earlier and
more holistic
scrutiny

More focus on
monitoring and
evaluation

What is included?

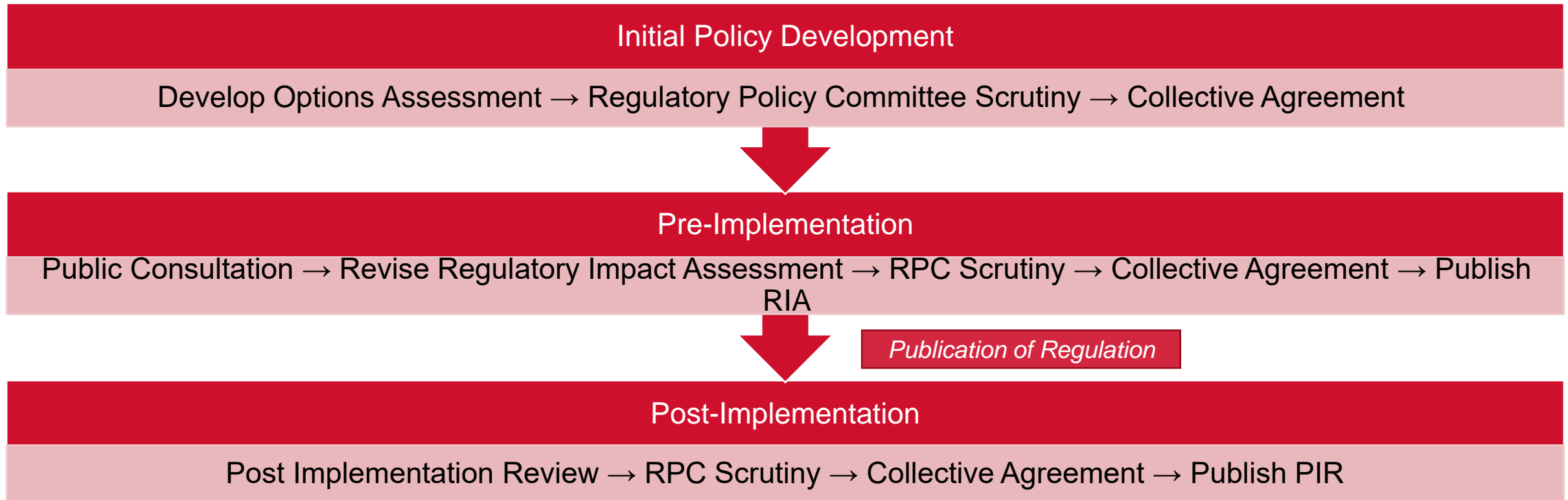
- Covers regulatory provisions relating to business activities (measures that regulate/deregulate business and civil society organisations).

The following provisions are explicitly excluded from the Framework:

- Regulatory provisions in relation to tax, duties or levies;
- Public sector procurement;
- Grants/other financial assistance by or on behalf of a public authority.

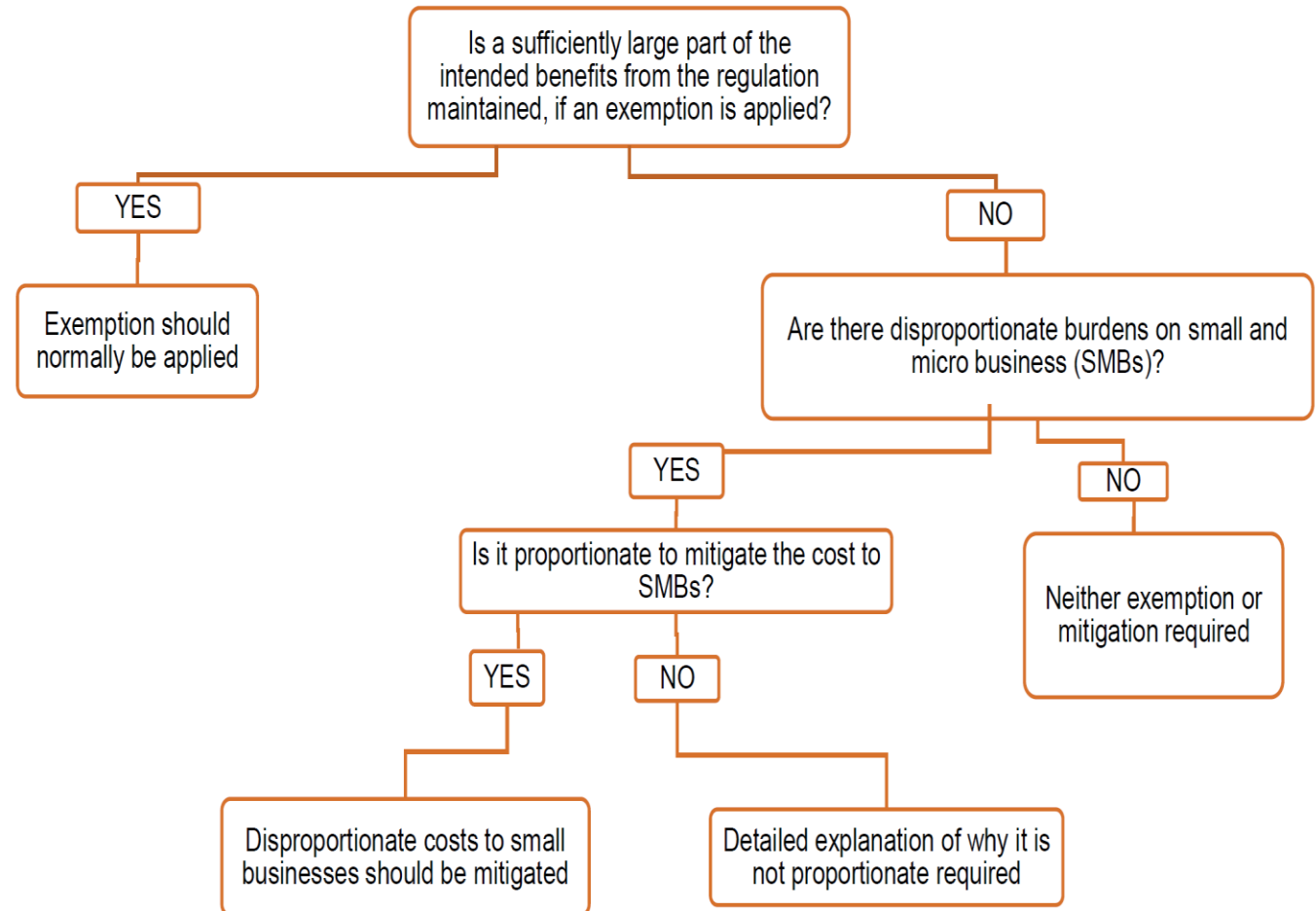


The UK Approach to Better Regulation: Process



Small and Micro Business Assessment (SaMBA)

- When developing RIAs, policymakers should consider the impacts on small and micro businesses.
- Important to consider whether MSMEs could be exempted from regulation or if the impacts can be mitigated without compromising the policy objectives.
- Presumed exemption also applies to medium-sized businesses (50 and 499 employees).
- SaMBA is a key requirement of RPC scrutiny.



Regulatory Scrutiny in the UK

The Regulatory Policy Committee

- The RPC provides **independent scrutiny** of Options Assessments (OAs), Impact Assessments (IAs) and Post Implementation Reviews (PIRs)
- We scrutinise OAs, IAs and ex-post evaluations to determine whether the evidence and analysis is fit for purpose (**Green**) or not (**Red**)
- We publish our opinions, which are provided to the UK Parliament alongside the IA
- Our opinions support ministerial decision making and Parliamentary scrutiny
 - **We do not comment on policy itself**



Small and Micro Business Assessments (SaMBA)

The Fundamentals

- **Small businesses** (up to 49 employees) - including micro-businesses (up to 9 employees) - **suffer disproportionately from the burden of regulation.** Estimates are that the cost of complying with regulation is 10x larger for MSMEs compared to large firms.
- **Regulatory measures should only extend to small and micro-businesses where any disproportionate burden is fully mitigated.**
- **A SaMBA is mandatory for all new domestic regulatory proposals.** The RPC can “red-rate” on the SaMBA.
- If the measure does affect small and micro businesses, the impact assessment should present an analysis of the following mitigating options:



Small and Micro Business Assessments (SaMBA)

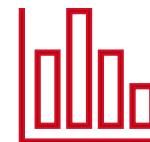
Mitigations

Full exemption (default)	A significant proportion of the intended benefits of the measure can be achieved without including small and micro businesses in the scope of the regulation
Partial exemption	Exempt small and micro businesses from specific requirements of the regulation (e.g. warnings to businesses rather than applying sanctions where non compliance is identified)
Extended transition period	Businesses of a defined size are given a longer period of time to comply compared to larger businesses
Temporary exemption	Exempt small businesses for a period of time where immediate compliance would harm their business (e.g. where a product needs to be redesigned)
Different requirements by firms size	Could have less onerous or less frequent inspection regimes for small businesses; require small businesses to only have to register rather than be fully licensed
Information	Provide tailored information, advice and training to small businesses
Financial aid	Smaller businesses can obtain re-imbursement of compliance costs
Opt-in and voluntary solutions	Businesses below a certain threshold can voluntarily opt-in to the regulatory regime or participate in industry-led voluntary schemes



Example: single-use carrier bags (2015 onwards)

- 7 billion + given out for free in England pre-policy; incentive for overconsumption and negative externalities result. Voluntary agreements to reduce had minimal impact.
- Two regulatory options considered by UK environment department – one covering all retailers and one that exempted MSMEs (full exemption). Both involved some proceeds from charge going to charity, needing administration (but no net cost to business).
- **Full exemption** chosen as vast majority of benefits retained – net present value of £800mn v. £1bn if MSMEs included. 7 retailers 90% of market/bag consumption.
- Impact assessment was judged fit for purpose by the RPC.



Policy Evolution

- Charge set at £0.05
- Ex post evaluation (as standard) carried out after five years; a 95% reduction in bags reported. MSMEs now responsible for 80% of this smaller number.
- Recommendation to increase charge to £0.10 and include all retailers/MSMEs to reduce a further 70%
- Essentially this shifted the SaMBA mitigation to an **extended transition period/temporary exemption**, with them having had time to prepare for this and with an established charity offset scheme (financial aid of sorts)
- **Information** was provided
- Further evaluation due next year



Trade Implications?

- This policy reflective of many – aims to avoid disproportionate barriers on MSMEs
- **And aligned to GRPs (especially gold standard of RIAs)**
- Very little (any?) MSMEs UK regulatory policy is about opportunities for trade per se; instead the regulatory environment considers their burden in the round to put them in best position for them to make their own decisions
- **RIAs must include a trade and investment assessment if judged necessary (rare); default if there is a potential WTO TBT impact**
- In such cases the T&I assessment would cross-cut with the SaMBA



The Importance of GRP in Trade Agreements

DBT works to seek the inclusion of Good Regulatory Practice and Regulatory Cooperation (GRPRC) provisions in UK Free Trade Agreements (FTAs).

GRP provisions are important because:

- Promote transparency
- Reduce trade barriers
- Improve regulatory coherence
- Enhance consumer protection



Key Elements of a GRP Chapter

Transparency

In the regulatory process, e.g. the publication of the regulations and regulatory processes free of charge.

Public Consultations

Meaningful consultations enable stakeholders to comment on proposed measures.

Regulatory Impact Assessments

Key decision making tool to ensure policy decisions are made on the basis of robust evidence and consideration has been given to alternative options.

Post-Implementation Reviews

Can provide awareness of whether the policy is meeting its intended objectives and understand if there are any unintended consequences of the measure.

Regulatory Cooperation

Can alleviate costly regulatory divergences that are costly to traders and foster better understanding.



Next Steps:

We would welcome
hearing members'
experiences.



Contact Us:

- Andrew.hallett@businessandtrade.gov.uk
- Tim.huxham@businessandtrade.gov.uk

More about the RPC:

- [Gov.uk/rpc](https://gov.uk/rpc)
- [@RPC_Gov_UK](https://twitter.com/RPC_Gov_UK)
- rpc.blog.gov.uk





Department for
Business & Trade