



Department
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Innovation & Skills

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Can you do the SaMBA?

(The UK's Small and Micro-Business
Assessment)



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Why is there a UK SME test?

- SMEs say regulation is an obstacle to success
- Regulation costs SMEs disproportionately more
- On average, compliance costs per employee are 10 times higher

Large firms

€1

per employee



Medium
firms

€4

per employee



Small firms

€10

per employee





SaMBA

- All measures that impose costs of >£1m on business have to have an Impact Assessment (IA), which includes a **S**mall **a**nd **M**icro-**B**usiness **A**ssessment
- The SaMBA:
 - analyses whether there is a impact on small and micro-businesses
 - considers how burdens on these businesses can be minimised.





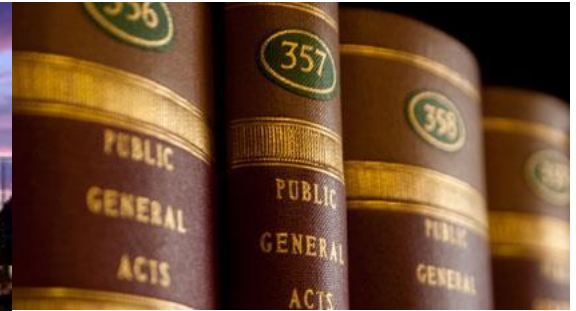
How does it work?

- Policy Department writes an IA, including assessment of impact of proposals on SMEs.
- In the SaMBA section, policy officials assess the potential impact of regulation on small and micro-businesses, including set-up and compliance costs.
- The default position is that small and micro-businesses will be exempted from the regulation.



Exemptions unless impossible, not exemptions if possible

Assumption that there will be a legislative exemption for small and micro-businesses, where a large part of the intended benefits of the measure can be achieved without including them.



Balancing compliance and exemptions

- There are cases when an SME exemption is inappropriate.
- If policy officials have not included full exemption, the reason for the decision must be set out in the SaMBA.
- The SaMBA must also include the rationale for and benefit analysis of the decision.
- Policy officials will then need to find exemptions and/or lighter regimes



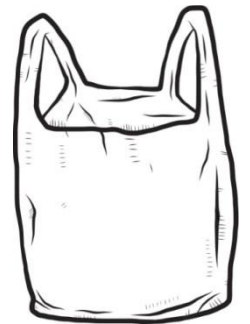


Lighter regimes

- Partial exemption
 - Extended transition period
 - Temporary exemption
 - Varying requirements by type and/or size of business
 - Specific information campaigns, training, dedicated support for small businesses
 - Direct financial aid for smaller business
 - Opt-in and voluntary solutions
- These options are for guidance only – not exhaustive

Case study: Plastic Bags

- **Objective** was to reduce the number of single use plastic carrier bags used and disposed of in England
- A mandatory 5p charge for single-use plastic bags at point of sale, with profits encouraged to go to charity
- **Analysis** showed that 75% of the reduction in use of single-use plastic bags would be generated from supermarkets and high street shops
- We were able to **exempt SMEs** from the administrative burden **whilst still achieving a significant policy objective**
- Supported by the Charity Retail Association and the Federation of Small Businesses



Analysis

- If full exemption applied, no additional analysis required.
- If no or partial exemption, analysis needed to justify why full exemption is not compatible with policy objectives.
- IA needs to include analysis of impact of mitigating options proposed, effect and rationale
- The Regulatory Policy Committee, an independent advisory body, checks the quality of the IA, including SaMBA. It will give a 'red' opinion if SaMBA not satisfactory.



Domestic and European legislation

- The OECD has estimated that 50% of regulatory costs come from the EU
- ‘The EU and Member States should design rules according to the “Think Small First” principle by taking into account SMEs’ characteristics when designing legislation, and simplify the existing regulatory environment.’ (Small Business Act for Europe 2008)





The European Parliament said ...

- **“The Commission should increase where appropriate the use of exemptions or lighter regimes for micro-enterprises and SMEs when proposing new legislation.”**

European Parliament resolution of 4 February 2014 on EU Regulatory Fitness and Subsidiarity and Proportionality





The European Commission said ...

- **“We will apply the "Think Small First" principle more thoroughly when preparing initiatives: taking the interests of small- and medium-sized businesses into account when designing and evaluating policies, and envisaging a lighter regime for them including an outright exemption for micro-businesses wherever it is possible and makes sense.”**

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions:

Better regulation for better results – an EU agenda



The Competitiveness Council said ...

- UNDERLINES the importance of the rigorous application of the “Think Small First” principle and SME tests throughout the whole EU policy cycle.
- WELCOMES the Commission's commitment to assess the impacts on SMEs in all impact assessments.
- CALLS on the Commission to ensure that measurements of impact of regulation on SMEs and micro-enterprises are consistently made and that all SME tests in Impact Assessments are robust, including consistent consultation of SMEs as part of all Impact Assessments.

