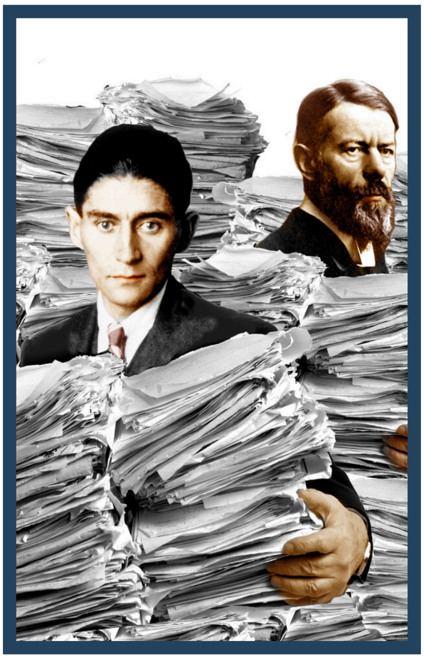
POLICY THUMBNAIL

Slashing Red Tape

Cutting Regulatory Costs Without Diluting Standards, So Britain Can Grow Faster

MARCH 2025

Centre for Small State Conservatives



THE PROBLEM

Every pound of red tape costs has the same effect on the UK's economic growth, productivity and export competitiveness as a pound taken through tax. So we ought to control this 'regulatory burden' as carefully as every other type of public spending but, because the money doesn't have to be raised through taxation, Governments behave as though it is free. In the same way as we would never allow any Whitehall Department or public body to ignore Government controls on tax-funded spending, we shouldn't treat the costs of red tape any differently.

Regulatory costs were cut successfully between 2010 and 2016 in many areas with a 'one-in-one-out' and then a 'one-in-two-out' system. But there were dozens of loopholes & exemptions for rules created in Brussels, or by regulators like Ofgem, or for Net Zero. After 2016 this system was abandoned and we have been adding huge red tape burdens every year since then.

THE SOLUTION

The Chancellor's Fiscal Rules should include limits on all red tape costs for the first time ever, in the same way as they have always limited taxpayer-funded spending and borrowing. This means:

- Any new 'red tape' rules and regulations would have to satisfy a value-for-money test: either a cost-benefits ratio (eg a minimum £3:1 ratio of total economic benefits to costs across all new regulations each year) or a net economic costs ratio of either £1-in-£1-out, or £1-in-£2-out.
- All these figures would be published with the same degree of rigour as taxpayer funded spending already faces today, using official Government measurement & valuation standards (the equivalents of the Treasury's Red Book or NHS QALYs) and independently audited to prevent Ministers from marking their own homework.
- The new rules would apply to all regulatory burdens imposed by every public body without exception, in the same way as there are no loopholes in our normal controls on taxpayer funded spending either.

The new approach would explicitly rule out diluting standards (eg rules which ensure staff aren't exploited; the environment is preserved; buildings are safe to live and work in; food is safe to eat) so it is clear the changes are about delivering unchanged standards faster, more digitally and more cheaply instead.

THE BENEFITS

These changes will:

- have the same benefits for jobs, investment and economic growth as cutting taxes, because every pound of red tape costs has the same effects on UK wealth creation, productivity and export competitiveness as a pound taken in tax.
- make Britain more efficient, cutting costs so household & company budgets go further, our economy grows faster & UK firms are more competitive abroad.
- create a strong, permanent anti-red tape ratchet to rewire the deeply-embedded pro-regulatory culture & instincts of both Westminster & Whitehall, which meant previous schemes were diluted & weakened as soon as political focus was pulled elsewhere.
- close the loopholes & exemptions which undermined previous schemes, to include areas where complaints have been loudest (eg environmental regulations like the £100m HS2 'bat tunnel').

THE SOUNDBITES

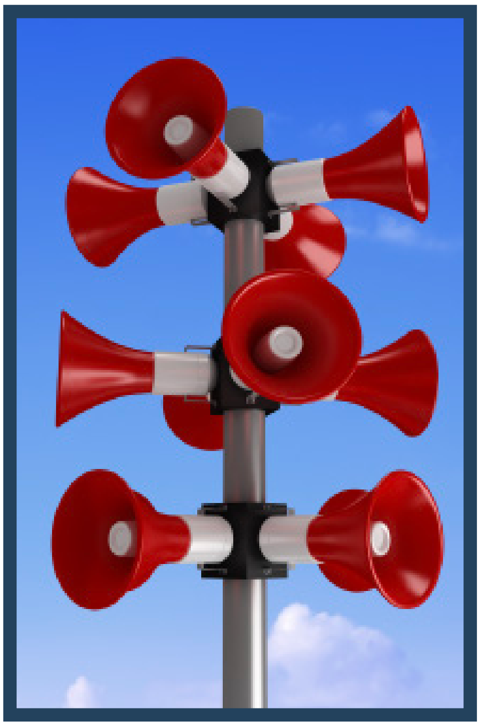
"Cutting red tape doesn't mean cutting standards. It means delivering those same standards faster, more digitally and more cheaply instead."

"Cutting a pound of red tape costs is just as good for our economy's growth, jobs and exports as cutting a pound off taxes. So why do we treat them so differently?"

"We need a strong, permanent anti-red-tape ratchet to reset the deeply-embedded pro-regulatory culture at the heart of Government"

"Margaret Thatcher used supply-side economic reforms to transform Britain from the 'sick man of Europe' into an entrepreneurial dynamo. It's time for another dose of the same medicine."

"Economic reforms to slash red tape will make Britain more efficient, cutting costs so budgets go further, our economy grows faster & UK firms are more competitive abroad."



THE REBUTTALS

1. Won't This Trigger A 'Race To The Bottom'?

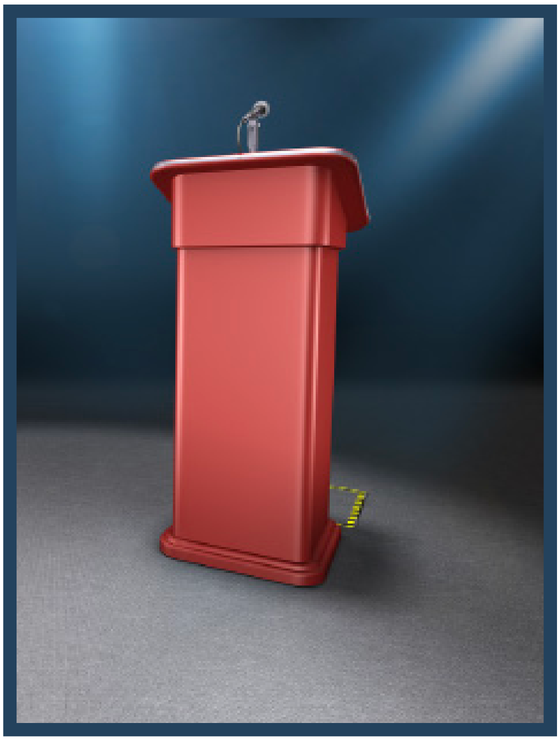
Far from it. This new approach won't dilute a single standard: it will just deliver them as cheaply, efficiently and unbureaucratically as possible.

2. Won't It Tie Government's Hands?

Not at all. It's just controlling red tape costs as carefully as taxpayer-funded public spending. Governments will still be able to add new regulations, in the same way as they carry on spending to provide public services, but they will have to control the costs and maximise the benefits properly for the first time ever as well.

3. Does This Really Matter? Isn't This Just A Tory Obsession With Slashing The State?

This is about economic reality, not ideology. Every pound of red tape costs has the same effect on the UK's economic growth, productivity and export competitiveness as a pound taken through tax. So we ought to control this 'regulatory burden' as carefully as every other type of public spending but, because the money doesn't have to be raised through taxation, until now Governments have behaved as though it is free. In the same way as we don't allow Whitehall Departments or public bodies to ignore Government controls on tax-funded spending, we should control the costs of red tape carefully too.



4. How Dare You Get Rid Of Exemptions Which Protect The Environment or Nuclear Safety?

Our approach won't dilute a single safety or environmental standard: it will just deliver them as cheaply, efficiently and unbureaucratically as possible. If there's a cheaper way of delivering the same results, why wouldn't we want to use it instead?

5. Cutting Red Tape Never Works. Why Should Anyone Believe Next Time Will Be Different?

Even the old, weak & loophole-filled system delivered some worthwhile results. Real-world examples (taken from the Regulatory Policy Committee's annual reports) include:

a) The Planning (General Permitted Development) Order 2021 cut £693m red tape cost
b) The Whiplash Injury Regulations 2020 cut £3.6bn red tape costs
c) The Incinerator Bottom Ash Regulatory Position Statement 2017 cut £197m red tape cost
d) The amendment to the UK Definition of Investment Advice cut £2.95bn red tape cost