February 2019

The Rt Hon The Lord Trefgarne PC
The Rt Hon The Lord Cunningham of Felling DL
Secondary Legislation Scrutiny Committee
House of Lords
London
SW1A 0PW

Dear [Name],

Secondary legislation – Impact assessments

I am writing in response to your letter of 19 February, on behalf of the Secondary Legislation Scrutiny Committee (SLSC) and its Sub-Committees, regarding impact assessments.

Your letter refers in particular to impact assessments covering financial services EU Exit instruments, made under the European Union (Withdrawal) Act 2018 (EUWA), to ensure that the UK continues to have a functioning financial services regulatory regime in all scenarios, including if the UK leaves the EU without a deal on 29 March 2019.

I recognise the importance of making Impact Assessments available for Parliamentary scrutiny. HM Treasury has worked at pace to prepare this legislation and accompanying Impact Assessments, in line with the Better Regulation Framework. However, as your letter acknowledges, they have unfortunately not been available at the time these instruments have been laid, and in some cases, debated. I can confirm that all Impact Assessments covering financial services EU Exit instruments have now been published, have been available for many, and will be available for all future debates.

I would also stress that the situation for businesses would be much worse in the absence of this legislation. As a whole, these SIs will significantly reduce costs to business in a "no deal" scenario, as without them, firms would be left to deal with an unworkable and inconsistent regulatory framework that would substantially disrupt their businesses. The absence of published Impact Assessments should not detract from the necessity of the SIs.

Your letter also raises HM Revenue and Customs (HMRC) instruments that have recently been laid before Parliament. While there have been some unfortunate delays in impact assessments being published on customs, VAT and excise legislation, HMRC have now set out what the relevant SIs mean for businesses and individuals. I can confirm that a further Impact Assessment will be published on the 25 February, providing Parliament and stakeholders with more detailed information on what HMRC's SIs mean for them. HMRC will publish an Impact Assessment, where required, for any further SIs they lay.

HM Treasury and HMRC will continue working at pace on Impact Assessments, to enable Parliamentary scrutiny of the relevant SIs in good time.

Yours sincerely,

[Signature]

PHILIP HAMMONT