



19 February 2019

The Rt Hon. Philip Hammond MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Dear Chancellor,

Secondary legislation - Impact assessments

We are writing on behalf of the Secondary Legislation Scrutiny Committee (SLSC) and its Sub-Committees.

We have recently raised with the Economic Secretary to the Treasury, Mr John Glen MP, the issue of the availability of Impact Assessments (IAs) provided by HM Treasury in relation to statutory instruments laid in preparation for the UK's exit from the EU. The correspondence is enclosed with this letter.

In the 13th Report of Sub-Committee A of the SLSC, we reported on the draft Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019 ("the CRA Regulations"). We noted that the IA described the impact on financial services businesses not only of the CRA Regulations, but also of nine others, all but one of which had already been laid before Parliament. In his reply of 16 January, the Economic Secretary explained that the IA had received a "fit for purpose" rating from the Regulatory Policy Committee on 19 November 2018 and had then been published; but that unfortunately this had meant that the IA was not available for reference during debates on several of the instruments to which it related.

As you may be aware, during Grand Committee consideration in this House on 4 February of the draft Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018 ("the OTC Regulations"), Members voiced concern that the IA relating to that instrument, and eight others, had been published only on 29 January, while the OTC Regulations themselves had been laid before Parliament on 5 December of last year.

Since our initial letter of concern of 8 January 2019, a number of further HM Treasury and HM Revenue and Customs instruments have been laid before Parliament. Many instruments which we have now considered were accompanied by an Explanatory Memorandum referring to an IA being prepared but they were not published alongside the instrument.

If instruments are to be scrutinised effectively, all relevant information, including the IA, must be submitted at the same time that the instrument is laid. It is therefore unacceptable that, at this critical time when Parliament is being asked to consider an exceptionally large volume of instruments concerning highly complex areas of law, your Department has failed to provide IAs in a timely manner.

We look forward to your early reply to this letter. We expect that you will be able to assure us that your Department will in future provide IAs in good time to support effective scrutiny of the instruments laid by your Department.

Yours sincerely

David Trefgarne

**The Rt Hon. the Lord Trefgarne
PC**
*Chairman of the Secondary Legislation
Scrutiny Committee and of Sub-
Committee A*

Yours sincerely,
Jack Cunningham

**The Rt Hon. the Lord
Cunningham of Felling DL**
*Chairman of the Secondary Legislation
Scrutiny Committee Sub-Committee B*