What is the problem under consideration? Why is government action or intervention necessary?

Regulation of professional qualifications is essential to the functioning of key public and professional services, as well as enabling international trade. Our current legislative framework for recognising professional qualifications largely derives from EU law. Having left the EU, we can enact a framework that aligns with the government’s objectives, including in relation to internal trade. We can move to a framework that suits all parts of the UK, meeting the needs of professions and with targeted requirements to improve regulators’ practices. There is currently an interim system in place to recognise qualifications from the European Economic Area (EEA) & Switzerland. These measures ensured continuity in workforce supply following the transition period, but the EEA’s preferential access should not continue in perpetuity.

What are the policy objectives of the action or intervention and the intended effects?

The intended outcomes are: the UK’s key regulated professions attracts the skills and professionals they need; regulators continue to set and maintain professional standards; realise the opportunities of trade; UK professionals are more able to deliver services overseas; transparency in regulator activity.

As a result, we expect to see: better supported professions with fewer skills gaps; transparency in public information; targeted improvements in regulatory practices; and smoother trade in services which require recognition of professional qualifications.

Compliance will be evidenced by regulators’ websites, and effects monitored through our evaluation plans.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

For each policy objective, we considered: do nothing; revoke current provisions and not legislating; through to revoking current provisions and introducing a new system. We considered the various strengths of legislation needed. For each policy objective, we also explored tailored approaches as follows:

- For recognition of overseas qualifications: a fixed (one size fits all) approach; and a risk/benefit system.
- For regulators and international recognition agreements: arrangements for specific regulators.
- For information transparency: a non-legislative guidance-based approach.

The preferred option of revoking the current system and legislating for a new framework puts in place the necessary regulation to ensure robust recognition of professional qualifications, maintaining consumer confidence and enabling trade; but balancing this with autonomy for regulators to make the right judgements for and serve their professions within agreed expectations.

Will the policy be reviewed? It will not be reviewed.

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: Lord Grimstone of Boscobel, Kt
Minister for Investment
Date: 11th May 2021
Costs:

Direct impact on business (Equivalent Annual) £m:

- Low: £0.16
- High: £18.84
- Best Estimate: £7.44

Description and scale of key monetised costs by ‘main affected groups’

Direct costs fall on regulators of professions regulated by law, mostly public sector organisations. The total estimated direct and indirect cost over the appraisal period is £18.2 m, mostly related to the new recognition framework, of which £4.4 m falls on regulators considered to be businesses. These costs could be passed through in fee increases to professionals, and we estimate £2.7 m could be passed through again to employers considered to be businesses. The estimated Equivalent Annual Net Direct Cost to Business is £0.16 m as few regulators treated as businesses are directly impacted, they historically gave few EEA recognition decisions, and are unlikely to be required to establish recognition routes.

Other key non-monetised costs by ‘main affected groups’

Businesses and consumers who use the services of regulated professionals will be indirectly affected to the extent that recognition of professionals leads to changes in prices or quality/range of services available to them. Furthermore, international professionals seeking recognition will be indirectly affected to the extent that they are more or less easily able to apply for and achieve recognition to practise their profession. This will vary by profession and context.

Benefits:

This will vary by profession and context.

Description and scale of key monetised benefits by ‘main affected groups’

Professionals seeking qualification recognition and individuals seeking to qualify in the UK may have indirect benefits such as time savings through improved access to information.

Regulators may experience some cost-savings, but in the main these are small and have been considered against the costs of implementing the new recognition framework.

Businesses and consumers are unlikely to experience monetised benefits.

Other key non-monetised benefits by ‘main affected groups’

Professionals qualified overseas in certain professions will be more able to access UK recognition.

Individuals seeking to qualify in the UK will benefit through improved access to information.

Regulators will benefit to the extent that they are able to set their own requirements for recognition.

Businesses and consumers will benefit to the extent that they are able to access a greater quality/range of services available to them. In all cases, these non-monetised benefits will vary by profession and context.

Key assumptions/sensitivities/risks

The number of regulators in scope of the provisions and considered as businesses for the purposes of the Business Impact Target affects the scale of the impacts. There is a risk that our assessment of regulators in scope may not capture all regulators.

Engagement with 12 regulators was used to inform the scale of monetised costs to regulators. We have extrapolated costs, where they have been provided, across all regulators in scope of each provision to inform our final costings. Sensitivity analysis has been incorporated to account for uncertainties.

Businesses and consumers

Individuals

Professional

Other key non monetised benefits by ‘main affected groups’

Professionals

Individuals

Regulators

Businesses and consumers

Key assumptions/sensitivities/risks

Discount

3.5%
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Background

Context

1. In the UK there are over 160 professions that are regulated by legislation across more than 50 regulators, in addition to a range of other professions regulated voluntarily. A regulated profession is one in which there are restrictions to pursuing the activities or a subset of activities of the profession, such as for doctors. A regulated profession can also have restrictions for using a professional title, such as the use of ‘architect’ in the UK.

2. Regulating professional qualifications is important for many reasons. It corrects for market failures, and in particular, asymmetries of information between professionals and consumers/users of their services. It provides essential safety and security for the public and ensures that standards are maintained. It facilitates trade and international mobility, removing barriers for both individuals to practise and sectors to deliver.

3. Now that the UK has left the EU, we can ensure that our framework for the recognition of professional qualifications is attuned to the needs of all parts of the UK and reflects the UK’s global trading status. The measures in the Professional Qualifications Bill (“the Bill”) will replace the interim system that gives preference to qualifications from the European Economic Area (EEA) (EU, Norway, Iceland and Lichtenstein) and Switzerland. We can also make sure that regulators take appropriate and proportionate steps to support professionals entering and moving between jurisdictions.

4. The Bill being introduced will ensure a robust framework that facilitates:

- **Recognition of overseas-gained qualifications in the UK, and recognition of UK-gained qualifications overseas.** Historically, EU legislation has facilitated the movement of professionals by providing a mechanism for the recognition of professional qualifications in other EU Member States. Under this system, over 200 professions regulated in the UK were required to offer routes to recognition to EEA and Swiss nationals. Between 2007 and 2016, c.149,000 recognition decisions were granted by UK regulators to EEA & Swiss professionals.¹

- **Regulator and International Recognition Agreements.** In 2020, UK exports of services were £267.1 billion, representing 46.2% of total UK exports.² Recognition of qualifications through regulator-led and government-led recognition arrangements is a facilitator of international services trade, however some regulators lack the powers to agree these with their international counterparts and the government lacks powers to implement state-level recognition agreements.

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¹ European Commission’s Regulated Professions Database
• **Information sharing between regulators in the UK.** While only a handful of professions are regulated differently in different nations of the UK, their effective interaction tends to be reliant on voluntary cooperation.

• **Information transparency.** There is currently a requirement on regulators to act as the point of single contact for their regulated profession(s) and provide general information on how individuals can access and pursue professions. This requirement may be too general and ineffective in removing barriers for new entrants.

• **New recognition arrangements for architects,** including updated administrative arrangements for the Architects Registration Board. Architects are currently recognised by regulation that derives from EU law, which also provides for certain administrative arrangements for the Architects Registration Board.

5. This assessment considers the options and impact of the proposed Bill across all five of these areas. Our aim is to ensure a smooth transition from the interim system, into a framework that addresses the needs of professions in the UK, removes any preferential treatment for EEA professionals from the current system, supports regulator-led and government-led agreements on professional qualifications, supports regulators operating in all parts of the UK; and provides transparency around regulated professions.

**Stakeholders affected**

6. The following groups will be impacted by the Bill:

- **Professionals** seeking recognition of their qualifications in the UK or overseas.
- **Individuals** seeking to become qualified in the UK.
- **Regulators** who regulate professions. These can range substantially in size from large organisations to much smaller organisations. 40 regulators in scope of the Bill are classified as public sector organisations. However, it is unclear for 17 regulators whether they are acting on behalf of a public sector organisation and therefore we will treat them as businesses for the purposes of assessing costs that will be within scope of Business Impact Target (BIT). All 52 Chartered Bodies which regulate professions by Royal Charter (as opposed to by law) are assumed to be businesses for the purposes of the BIT. It should be noted that most regulators are funded by fees and so may seek to recover any costs incurred through higher membership and application fees, thus passing these costs on to UK professionals and overseas-qualified professionals seeking recognition. Some of these UK professionals and

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3 Contained in regulation 5(4) of the European Union (Recognition of Professional Qualifications) Regulations 2015, as amended by regulation 9(b) in the Recognition of Professional Qualifications (Amendment etc.) (EU Exit) Regulations 2019

4 We have determined this by checking regulators against the ONS Public Sector Classification Guide (ONS, 2021, Public Sector Classification Guide) and the definitions of Public Authorities in the Freedom of Information Act 2000 and the Freedom of Information (Scotland) Act 2002.
overseas-qualified professionals will be self-employed and therefore qualify as businesses for the BIT, and others may have these costs covered by their employers, which will include a mixture of businesses and public sector organisations.

- **Businesses and consumers** who use the services of regulated professionals will be indirectly affected. They will be affected to the extent that recognition of professionals leads to changes in prices or quality/range of services available to them.

## Options considered

### Recognition of overseas qualifications

7. Five options are considered:

   a. Option 1: Do nothing.
   
   b. Option 2: Revoke the interim system put in place at the end of the transition period\(^5\), but do not legislate to replace them.
   
   c. Option 3 (preferred): Revoke the interim system put in place at the end of the transition period and replace with a new framework for recognising professional qualifications from overseas.
   
   d. Option 4: All regulators across all sectors to recognise overseas qualifications via a single fixed method.
   
   e. Option 5: Strength of overseas qualification recognition requirements placed on regulators determined by relative risk/benefit to the public, sector and profession.

   These options are considered further in paragraphs 8-12. Option 3 is the preferred option.

8. **Option 1: Do nothing.** The interim system put in place at the end of the transition period for the recognition of qualifications from the EEA and Switzerland would remain in place. EEA and Swiss-qualified professionals would continue to have preferential access to recognition and therefore UK markets.

9. **Option 2: Revoke the interim system put in place at the end of the transition period, but do not legislate to replace them.** UK regulators would be responsible for how qualifications from other countries are recognised through existing routes outside of the interim system. Approaches and routes available vary considerably, with several regulators currently not having approaches in place. In the absence of recognition routes, if professionals with overseas qualifications (including from the EEA) are required to fully requalify by gaining UK qualifications, it may increase the costs to EEA nationals offering services into the UK, and mean recognition is a barrier to resolving workforce shortage issues.

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\(^5\) The ‘transition period’ was put in place by the EU (Withdrawal Agreement) Act 2020. It began on the date that the UK left the European Union, 31 January 2020, and ended on 31 December 2020. “During this time, EU law generally [continued] to apply in the UK as it [did previously].”
10. **Option 3 (preferred):** Revoke the interim system put in place at the end of the transition period and replace with a new framework for recognising professional qualifications from overseas. The recognition of professional qualifications would be prioritised for regulated professions to meet demands placed on them, such as where there were skills shortages in the UK / part of the UK. Where this was the case, regulators would need to be able to assess professional qualifications and experience gained overseas in a way they saw fit and determine whether this was sufficient to meet the qualification or experience requirements for the profession in the relevant part of the UK. This would be supported by an information sharing requirement for UK regulators to help with the recognition of UK professionals, including their UK gained qualifications and experience, overseas.

11. **Option 4:** All regulators across all sectors to recognise overseas qualifications via a single fixed method. We could adopt a single fixed approach for the routes of recognition of qualifications gained outside of the UK. The same approach would apply for all regulated professions across all sectors with equal routes of access for all. This might cut across the government’s trade agenda and reduce the flexibility to shape the recognition of professional qualifications (RPQ) offer in international negotiations. This approach would undermine regulator autonomy to deliver consistent expectations in ways that best work for them and would limit the ability to respond to the needs of professions.

12. **Option 5:** Strength of overseas qualification recognition requirements placed on regulators determined by relative risk/benefit to the public, sector and profession. The extent to which qualifications gained outside of the UK may be eligible for recognition, the level of scrutiny this requires, and market access it delivers could be based on the level of risk or benefit the qualification / profession / sector poses. This would be a complex approach, difficult to implement and understand, and result in fragmented approaches in the sector, undermining government levers to help services markets work more effectively and transparency measures addressed elsewhere in the policy. There is a small risk this option would reduce trade leverage and prevent our ability to target professions needing to import skills.

**Regulator and international recognition agreements**

13. Three options are considered:

   a. **Option 1:** Do nothing.
   b. **Option 2:** Make amendments for specific regulators on the face of the Bill.
   c. **Option 3 (preferred):** Provide powers in the Bill to enable the government to implement the RPQ provisions of international agreements and support regulators in making agreements with their international counterparts on the recognition of professional qualifications.

These options are considered further in paragraphs 14-16. Option 3 is the preferred option.
14. **Option 1: Do nothing.** The government would not legislate, meaning regulators without existing powers in their legislation to enter into recognition arrangements with their international counterparts would remain unable to do so. This would prevent regulators from making their own arrangements in line with, and outside of, the government’s trade agenda, potentially limiting the UK’s services trade and not providing a means to reduce non-tariff trade barriers for UK professionals. Regulators might not be able to capitalise on post-Brexit opportunities or enter into bilateral arrangements with EU counterparts to mitigate the impact of new trade barriers. The government would have no means to implement the RPQ elements of the forthcoming Free Trade (or RPQ-only) Agreements where powers are not otherwise provided. The UK would be at risk of breaching its international obligations in this area unless delayed implementation could be agreed and bespoke primary legislation brought forward for these provisions.

15. **Option 2: Make amendments for specific regulators on the face of the Bill.** We would make amendments for specific regulators which require additional powers to enter into agreements with their international counterparts on the face of the Bill. This might not capture all regulators which require these powers and, while providing certainty to some regulators, would not enable the broad change necessary to clarify regulators’ position in post-Brexit global services trade. As we do not know the contents of future trade deals or international agreements, we could not make specific amendments relating to those and RPQ on the face of the Bill; primary legislation would need to be brought forward for such agreements in future.

16. **Option 3 (preferred): Provide powers in the Bill to enable the government to implement the RPQ provisions of international agreements and support regulators in making agreements with their international counterparts on the recognition of professional qualifications.** UK government and regulators of professional qualifications would have the necessary powers to support the UK’s services trade, a key export. There are no non-legislative means to achieve these aims.

### Supporting information sharing between regulators in the UK

17. Three options are considered:

   a. Option 1: Do nothing.
   b. Option 2: Take a non-legislative approach using guidance, and concordats.
   c. Option 3 (preferred): Legislate for information sharing between regulators. These options are considered further in paragraphs 18-20. Option 3 is the preferred option.

18. **Option 1: Do nothing.** Under this option, there would be no legislative underpinning to inter-regulatory cooperation which means that should voluntary cooperation break down, the relevant government departments and devolved administrations would have no means to ensure that information sharing continued.
19. **Option 2**: Take a non-legislative approach using guidance, and concordats. The government would issue (non-statutory) guidance to relevant regulatory authorities on information-sharing and encourage best practice and develop bespoke bilateral concordat between the government and the devolved administrations. Whilst this option may be less burdensome than legislation, it would not guarantee compliance.

20. **Option 3 (preferred)**: Legislate for information sharing between regulators. A new provision would be introduced in primary legislation for information-sharing between regulators to be enacted with commencement regulations. This would place an obligation on regulators statutorily regulating a profession separately in their part of the UK, to share information with their counterparts which regulate the same or equivalent profession in another part of the UK. This option mirrors requirements placed on relevant regulatory authorities by Article 5 and 25 of EU Directive 2005/36/EC on the mutual recognition of professional qualifications ("MRPQ Directive"), which mandated cooperation and information-sharing between relevant authorities between EU member states. It would reassure regulators that they can continue to have access to the necessary information that underpin decisions if voluntary co-operation were to break down.

**Information transparency**

21. Three options are considered:

   a. **Option 1**: Do nothing. The existing transparency requirements, which are based on the EU’s mutual recognition system, would be retained. This option would neither increase the transparency of regulated professions nor provide government with the necessary levers to ensure regulators are acting in a transparent manner. The risk of information regarding entry and practice requirements for regulated professions not being accessible would continue.

   b. **Option 2**: Take a non-legislative, guidance-based approach. The existing transparency requirements, which are based on the EU’s mutual recognition system, would be retained. In addition, the government could work with regulators, professionals and students to develop non-legislative guidance for regulators on how best to present information transparently on their websites. Supporting activities such as targeted support to professions and sector-facing good practice events could encourage participation. This could increase participation and somewhat improve transparency but would not provide government with levers to

22. **Option 1**: Do nothing. The existing transparency requirements, which are based on the EU’s mutual recognition system, would be retained. This option would neither increase the transparency of regulated professions nor provide government with the necessary levers to ensure regulators are acting in a transparent manner. The risk of information regarding entry and practice requirements for regulated professions not being accessible would continue.

23. **Option 2**: Take a non-legislative guidance-based approach. The existing transparency requirements, which are based on the EU’s mutual recognition system, would be retained. In addition, the government could work with regulators, professionals and students to develop non-legislative guidance for regulators on how best to present information transparently on their websites. Supporting activities such as targeted support to professions and sector-facing good practice events could encourage participation. This could increase participation and somewhat improve transparency but would not provide government with levers to
ensure regulators are acting in a transparent manner. The risk of information regarding entry and practise requirements for regulated professions not being accessible would continue.

24. **Option 3 (preferred): Introduce light-touch, publishing-only obligations on regulators.** This would require regulators to publish information in an accessible manner on their own platforms. This option builds on existing transparency provisions in domestic legislation based on the EU’s mutual recognition system. It is more specific and granular than the current arrangements but should not require significant costly changes to the way regulators currently display information online. Non-legislative measures, such as those set out in option 2, could be taken forward alongside option 3.

**Policy objectives**

**Recognition of overseas qualifications**

25. The objectives for this policy are to:
   a. end the interim system which gives preference to EEA and Swiss professional qualifications;
   b. replace with a clear, easily understood, and effective framework for recognising overseas qualifications for professions the access to which is restricted by law to those who hold specified qualifications or experience;
   c. as a minimum, to maintain existing levels of public and consumer protection, and maintain professional standards across the UK;
   d. help enable key regulated professionals to provide services in the UK, or part of the UK, where there are shortages against demand;
   e. support the UK’s international trade agenda, including by supporting regulator autonomy to make reciprocal arrangements with international counterparts that are beneficial to their professions; and
   f. be targeted, proportionate, fair and transparent, while meeting our international obligations and commitments, for example, under GATS (the General Agreement on Trade in Services), any agreed FTAs or under the Common Travel Area.

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6 Information we would require regulators to publish includes:
   a. entry requirements and possible alternative routes into the profession;
   b. costs imposed by the regulator for entering and remaining in the profession;
   c. any ongoing obligations for remaining in the profession;
   d. details on the process for securing recognition of a qualification gained in another part of the UK, or gained overseas; and
   e. the numbers of professionals seeking recognition of their qualifications gained from another part of the UK and/or overseas qualifications, including where that qualification was gained and the outcome of the recognition decision.

7 Contained in regulation 5(4) of the European Union (Recognition of Professional Qualifications) Regulations 2015, as amended by regulation 9(b) in the Recognition of Professional Qualifications (Amendment etc.) (EU Exit) Regulations 2019
Regulator and international recognition agreements

26. The objectives for this policy are to:
   a. provide a means to ensure that the UK government can meet its international obligations in relation to the recognition of professional qualifications; and
   b. make sure there is a consistent set of powers available for regulators to make reciprocal arrangements with international counterparts on the recognition of professional qualifications.

Supporting information sharing between regulators in the UK

27. The objectives for this policy are to:
   a. ensure regulators in different parts of the UK have information they need in relation to professionals that receive qualifications in one part of the UK; and
   b. increase regulators’ confidence in implementing ‘individual assessment processes’ as permitted under Section 26 of the UK Internal Market Act 2020.

Information transparency

28. The objectives for this policy are to:
   a. ensure transparency of information about how individuals can enter and remain in regulated professions;
   b. improve the availability of information, in particular on the costs imposed by regulators for entering and remaining in the professions, the ongoing obligations placed upon professionals to continue to practise their profession, and the process of obtaining recognition of a qualification gained from another part of the UK or overseas; and thereby
   c. reduce barriers to entry and increase the accessibility of professions for a diverse range of individuals.

Summary and preferred option with description of implementation plan

Recognition of overseas qualifications

29. The preferred option, ‘Revoke the interim system put in place at the end of the transition period and replace with a new framework for recognising professional qualifications from overseas’, will be put in place through a mixture of primary and secondary legislation.

30. The interim system put in place at the end of the transition period for the recognition of EEA and Swiss qualifications will be revoked on the face of the Bill. These provisions will be come into effect through commencement regulations in subsequent secondary legislation.

31. In order to ensure the UK complies with its international obligations, the revocation of this interim system will not amend or repeal any legislation that implements the
recognition of professional qualification provisions from the UK-EU Withdrawal Agreement, EEA EFTA Separation Agreement, and UK-Swiss Citizens’ Rights Agreement. 8,9,10

32. A new high-level framework for recognising qualifications gained overseas for priority professions will be set out on the face of the Bill. The framework and powers would commence with Royal Assent, but the use of those powers to apply the provisions to different professions at specified times would be achieved through regulations in supporting secondary legislation taken forward by the relevant national authority (i.e. a Secretary of State, Lord Chancellor or Devolved Ministers where within their devolved competence). The Secretary of State could also issue guidance to help professionals and duty-holders step through the framework and meet their obligations. This will provide flexibility in ending preferential routes established under the interim system for EEA and Swiss qualification holders. For example, it is expected that health and care professions will take longer to transition to the new framework as they prioritise the response to the impacts of the Covid-19 pandemic.

33. Where a profession requires a specified qualification or experience to practise/enter the profession, the Bill allows for the regulations to provide that an applicant with an overseas qualification/experience is treated as having the specified qualification/experience, subject to one of two conditions being met:
   a. the qualification or experience is judged by the decision-maker to demonstrate “like knowledge and skills to substantially the same standard”; or
   b. in the decision-maker’s judgement the qualification or experience falls short of this standard, but the deficiency can be made up by compensatory measures. 11

Where the decision-maker does not find either of these conditions to be applicable, the qualification will not be treated as equivalent to the specified UK qualification.

34. The legislative framework establishing a new recognition framework will:
   a. apply to professions where pursuit of certain activities and use of professional titles is regulated in law, and this requires certain qualification or experience requirements to be met;
   b. give a power to ministers, including in the devolved administrations, to specify (in regulations) regulated professions within their legislative competence where the regulator must provide recognition arrangements to all overseas qualifications as set out above. Regulated professions may only be specified where necessary for the purpose of enabling the demand for the services of the profession to be met in the UK or part of it. Any decision by a regulator of a

8 UK-EU Withdrawal Agreement, ‘Withdrawal Agreement & Political Declaration’ (viewed 28 April 2021)
9 EEA EFTA Separation Agreement, ‘EEA EFTA Separation Agreement’ (viewed 28 April 2021)
10 UK-Swiss Citizens’ Rights Agreement, ‘Swiss Citizens’ Rights Agreement’ (viewed 28 April 2021)
11 Compensatory measures may include, for example: a) additional academic or vocational training/qualifications; b) supervised workplace experience; and/or c) tests designed to demonstrate competence.
specified profession to not recognise overseas qualifications would carry a right of appeal;
c. compel the regulators of those professions specified to unilaterally offer qualification recognition routes for all countries, subject to meeting requisite UK standards;
d. permit regulators to maintain existing recognition pathways that have been established outside of the interim system put in place at the end of the transition period;
e. require regulators to provide necessary information to their overseas counterparts to support professionals who are (or were) entitled to practice a profession in the UK so that their entitlement to practise overseas can be established; and
f. provides for the continued existence of a national assistance centre, which will provide advice and assistance for individuals seeking to practice a regulated profession in the UK (or a part of it). Additionally, the Secretary of State can (through contractual arrangements) require the national assistance centre to support professionals in getting their UK qualifications recognised overseas, by providing reasonable information to their overseas counterparts.

35. The relevant national authority may, under existing powers, require reasonable information from a regulator to show compliance. Judicial Review proceedings may also be commenced by affected professional to seek compliance with obligations under this framework.

Regulator and international recognition agreements

36. The preferred option, ‘Provide powers in the Bill to enable the government to implement the RPQ provisions of international agreements and support regulators in making agreements with their international counterparts on the recognition of professional qualifications’, will be given effect in the Bill through two powers designed to facilitate international trade. These powers will enable the UK government to make regulations to achieve its policy aims, including the amendment of primary legislation where necessary.

37. The power to enable regulators to enter into reciprocal recognition arrangements will be implemented through secondary legislation made for specific regulators. This secondary legislation will be made by the appropriate departments and could put conditions on regulator’s use of these powers to ensure that outcomes are beneficial for UK professionals and the UK workforce. Any secondary legislation for this option that amends primary legislation would be subject to the affirmative procedure, to ensure that Parliament is able to scrutinise the use of this power.

38. The power to make secondary legislation to implement the RPQ provisions of the UK’s international agreements will mean the government can make regulations implementing these provisions and uphold its international obligations. Any
agreements made would be subject to parliamentary scrutiny before ratification as set out in the Constitutional Reform and Governance Act 2010.

39. Both of these powers will be available to ministers in the devolved administrations, allowing them to implement these objectives in areas of devolved competence.

**Supporting information sharing between regulators in the UK**

40. The preferred option, ‘Legislate for information sharing between regulators’, will be given effect through primary legislation.

41. The information sharing provision will be flexible enough to allow regulators to determine how they share data provided they do so within data protection laws. For example, there will not be a set time frequency or rigid method that regulators are expected to follow to share the information. This ensures existing practices can continue without additional burden.

42. This part of the Bill will be commenced by regulations in the event that voluntary cooperation breaks down.

43. We envisage that enforcement of the new arrangements will fall within existing processes across government departments and the devolved administrations. If a regulator does not comply with the duties placed on them, UK courts will provide the escalation point beyond an appeal. Use of this in practice is likely to be minimal (if any).

**Information transparency**

44. The preferred option, ‘Introduce light-touch publishing-only obligations on regulators’ will be implemented on the face of the Bill. The Bill will also provide a power for ministers to add information to the requirement via secondary legislation.

45. The arrangements on the face of the Bill will be given effect when the Bill comes into force.

46. We envisage that enforcement of the new transparency obligation will fall within existing processes across government departments. If a regulator does not comply with the duties, UK Courts will provide the escalation point beyond appeal. Use of this in practice is likely to be minimal (if any).

**Monetised and non-monetised costs and benefits of the preferred option (including administrative burden)**

**Data and evidence sources**

47. The below evidence sources have been used to describe the scale of regulators and professions affected by the provisions in the Bill in addition to estimating the associated costs and benefits:
The European Commission’s Regulated Professions Database is a publicly available database containing information on which professions are regulated in each Member State and statistics on recognition decisions granted under the MRPQ Directive as provided by EU Member States, EEA countries, the UK and Switzerland.\(^\text{12}\) We use the 10-year period from 2007 to 2016 to give an indication of the historic use of the MRPQ Directive. This is because the referendum to leave the European Union which took place in 2016 may have affected the numbers of applications for recognition from 2017 onwards due to the uncertainty of the negotiated outcome of the future relationship between the UK and the European Union. Discrepancies in the data over time mean that using a 10-year period gives a more reliable indication of use than annual figures. It should also be noted that a recognition decision does not mean a professional came to work in the UK.

Desk-based research conducted by BEIS analysts and research consultancy SQW maps the routes to recognition that exist outside the interim system put in place at the end of the transition period and describes how over 200 professions are regulated in the UK including details such as requirements placed on individuals to qualify. Publicly available information sources were used such as regulators’ websites.

The Recognition of Professional Qualifications and Regulation of Professions Call for Evidence returns and other informal stakeholder engagement provide additional evidence in places to describe the counterfactual and existing regulatory landscape.

An evidence gathering exercise across a sample of 12 regulators, described in further detail in paragraph 48.

Evidence gathering to determine costs to regulators

48. Given the majority of direct impacts will fall on regulators, we sent questions to 12 regulators to better understand the transitional and ongoing costs and benefits of the provisions and whether they would pass on any costs or benefits to professionals, whether through increased membership fees, fees for services such as recognition assessment, or otherwise. These regulators oversee 92 regulated professions (approximately 39% of the 233 professions in scope of the interim system this Bill is revoking) and provided approximately 137,000 recognition decisions to EEA and Swiss-qualified professionals between 2007 and 2016 (approximately 91% of the total recognition decisions in that period). We have extrapolated costs across all regulators in scope of each provision to inform our final costings.

Structure

49. The Cost-Benefit Analysis assesses the provisions in the following order:

- Recognition of overseas qualifications
  - Provision 1: New recognition framework
  - Provision 2: Route of appeal

\(^{12}\) European Commission’s Regulated Professions Database
Provision 3: Overseas information sharing requirement
- Regulator and international recognition agreements
  - Provision 4a: The power to enable regulators to negotiate Recognition Arrangements
  - Provision 4b: Implementation of international agreements
- Supporting information sharing between regulators in the UK
- Information transparency
- Architects Registration Board.

**Recognition of overseas qualifications**

**Summary of the provisions**

50. This assessment considers the effects of:
   a. revoking the interim system\(^{13}\) put in place at the end of the transition period that required all regulators to unilaterally provide establishment recognition routes for EEA and Swiss qualification holders;
   b. implementing a new recognition framework for overseas qualifications. The Bill will take a power to make regulations obligating specified regulators to offer unilateral recognition routes to applicants globally for specific professions. It is intended that an initial list of priority professions will be specified as being within the new framework, and regulators will be obligated to offer routes to recognition for these professions once the interim system is revoked, the impacts of which will be assessed;
   c. granting powers to allow the UK and devolved administrations to provide regulators with the ability to agree recognition arrangements with regulators in other countries where they currently lack this; and
   d. granting powers to the UK and devolved administrations to implement provisions of international agreements that relate to the recognition of professional qualifications.

**Summary of the counterfactual**

51. The effects of the new framework are assessed relative to the counterfactual in which the interim system offering unilateral recognition to EEA and Swiss qualification holders would continue indefinitely alongside the ad-hoc array of routes available to other overseas qualified professionals to apply for recognition in the UK. In addition, in the counterfactual some regulators may have the powers necessary to negotiate and implement the provisions of international arrangements whilst others, such as the Farriers Registration Council\(^{14}\) for example, would not.

\(^{13}\) See BEIS’ guidance notes: [Recognition of professional qualifications: guidance for regulatory bodies](#).
\(^{14}\) The Farriers Registration Council has the power under the Farriers (Registration) Act 1975 to recognise overseas qualifications (section 7 (1)(e)(ii)). However, there is not currently a means to amend this power in circumstances where, for example, it was necessary in order to implement the terms of an international agreement (IA) that specified the approach to be taken in establishing a route to recognition. Absent the IA power, primary legislation would be necessary in order to amend this.
**Provision 1: New recognition framework**

52. The new recognition framework will replace the current approach with a consistent framework across all countries, suited to the UK's needs.

53. The new framework is intended to involve minimal intervention by establishing pathways for priority professions, but also allowing regulators to continue with existing pathways and to establish new ones where they have the powers to do so. It will not affect the creation of new, bilateral/multilateral regulator-to-regulator arrangements.

54. There are many pathways to recognition of professional qualifications obtained in other countries. This Bill creates a power to establish a new pathway for specified professions that enables individuals with qualifications from all other countries to apply for and obtain a decision on recognition in the UK or part of the UK.

55. Chartered bodies that were obligated to provide preferential treatment to EEA and Swiss-qualified professionals under the interim system will not be in scope of the new recognition framework if they do not regulate professions to which access is restricted by law to those who hold specified qualifications or experience. Once the interim system is revoked, Chartered Bodies will remain free (where they are able to do so) to continue or establish recognition pathways of their own choosing for professions regulated by Royal Charter, but not legislation.

56. Decision-makers for professions included in the framework will be obligated under their regulations to:
   a. consider applications from individuals with a relevant qualification from outside the UK;
   b. assess whether the overseas qualification or experience either:
      - demonstrates substantially the same knowledge and skills to substantially the same standard set by the UK regulator of the profession or, where appropriate, by the 'decision-maker'; or
      - if the overseas qualification or experience falls short, that that shortfall can be made up with additional qualifications or experience, and that the individual has obtained it; and
   c. issue a decision to the applicant.

57. A profession may be added to the framework (or removed) by regulation made by a Secretary of State or equivalent authority in a devolved administration (the Scottish ministers, the Welsh ministers or a Northern Ireland department). The regulation will list each profession, with the relevant regulator(s) specified for each profession entered.

58. For the purposes of this cost-benefit analysis, we have assumed an initial list of included professions based on those that make relatively high use of inbound professional recognition to the UK under the establishment route of the MRPQ.
Directive. We have assumed that the approach would be consistent UK-wide, but where professional regulation is devolved, this would be a decision for devolved administrations. We consider the impacts of including these professions in the framework and the costs and benefits imposed on the regulators as a result of the obligations described above. In addition, we consider the impacts to the labour market of revoking the interim system on professions not included in the framework.

59. It is anticipated that the initial set of professions will likely include:

a. Healthcare professions regulated by the Nursing and Midwifery Council, the General Medical Council, the General Pharmaceutical Council, the Health and Care Professions Council, the General Optical Council, the General Dental Council, the Pharmaceutical Society of Northern Ireland, the General Osteopathic Council and the General Chiropractic Council;


c. Teachers regulated by the Teaching Regulation Agency, the General Teaching Council for Scotland, the Education Workforce Council and the General Teaching Council for Northern Ireland; and

d. Veterinary Surgeons and Veterinary Nurses regulated by the Royal College of Veterinary Surgeons.

60. 88 professions are expected to be specified in the new recognition framework, covered by 18 regulators. These professions comprise 35 generic professions as categorised by the European Commissions’ Regulated Professions Database, which account for c. 135,000 recognition decisions given by UK regulators under the MRPQ Directive in the 10-year period between 2007 and 2016 (c. 90% of UK recognition decisions).\textsuperscript{15} Table 1 sets this out in more detail.

\textit{Table 1: Regulators likely to be included in the new framework, number of professions included, and number of historic recognition decisions given by the UK in the 10-year period between 2007-2016}

\textsuperscript{15}Source: European Commission's Regulated Professions Database. We use the 10-year period from 2007 to 2016 to give an indication of the historic use of the MRPQ Directive. This is because the referendum to leave the European Union which took place in 2016 may have affected the numbers of applications for recognition from 2017 onwards due to the uncertainty of the negotiated outcome of the future relationship between the UK and the European Union. Discrepancies in the data over time mean that using a 10-year period gives a more reliable indication of use than annual figures.
<table>
<thead>
<tr>
<th>Regulator(s) with professions likely to be included in the new framework</th>
<th>Number of regulated professions included</th>
<th>Number of decisions issued by UK 2007-2016&lt;sup&gt;16&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Nursing &amp; Midwifery Council</td>
<td>7</td>
<td>46,257</td>
</tr>
<tr>
<td>Teaching Regulation Agency; Education Workforce Council; General Teaching Council for Northern Ireland; General Teaching Council for Scotland</td>
<td>2</td>
<td>34,984</td>
</tr>
<tr>
<td>General Medical Council</td>
<td>46</td>
<td>27,981</td>
</tr>
<tr>
<td>Health and Care Professions Council</td>
<td>15</td>
<td>8,201</td>
</tr>
<tr>
<td>General Dental Council</td>
<td>9</td>
<td>7,788</td>
</tr>
<tr>
<td>Royal College of Veterinary Surgeons</td>
<td>2</td>
<td>3,727</td>
</tr>
<tr>
<td>General Pharmaceutical Council; Pharmaceutical Society of Northern Ireland</td>
<td>2</td>
<td>3,185</td>
</tr>
<tr>
<td>Social Work England; Scottish Social Services Council; Social Care Wales; Northern Ireland Social Care Council</td>
<td>1</td>
<td>2,853</td>
</tr>
<tr>
<td>General Optical Council</td>
<td>2</td>
<td>490</td>
</tr>
<tr>
<td>General Osteopathic Council</td>
<td>1</td>
<td>75</td>
</tr>
<tr>
<td>General Chiropractic Council</td>
<td>1</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>88</strong></td>
<td><strong>135,570</strong></td>
</tr>
</tbody>
</table>

**Costs of the new recognition framework for professions likely to be included**

61. Of the 18 regulators which regulate professions likely to be included in the initial set of professions, all are public sector authorities, and none are considered to be business for the purposes of the Business Impact Target. Most regulators will be able to pass on the costs they incur in meeting their obligations to applicants on a cost-recovery basis. We intend to set out provisions in regulations under the Bill to provide for this. It is unclear to what extent fees are paid by internationally qualified professionals seeking recognition compared to the businesses employing them.

62. Where a decision-maker under the new framework already has existing pathways to the recognition of qualifications gained in another country as equivalent to the

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<sup>16</sup> European Commission’s Regulated Professions Database. Recognition decisions are captured at the generic profession level, which aggregate several specific professions. It is therefore possible that these numbers include decisions for specific professions that are not likely to be included in the new framework.


<sup>18</sup> Responses to the Recognition of Professional Qualifications and Regulation of Professions Call for Evidence showed that at least one regulator is restricted through legislation regarding how much they can charge applicants. They may therefore incur a loss per application assessed.
required UK qualification, or is empowered by separate legislation and wishes to establish a new pathway, these can remain in place and they should be free to continue to use them.

63. 14 of the 18 regulators likely to be included in the new framework already have routes to recognition\(^\text{19}\) which are open to any qualified professional from outside the UK. The anticipated costs to these regulators will therefore be to adapt their existing application routes for non-EEA/Swiss applicants to consider applications from EEA and Swiss professionals. Alternatively, regulators may wish to retain and expand the existing arrangements for EEA and Swiss applicants to professional qualifications from all countries under the new framework.

64. 4 regulators likely to be included in the new framework do not have routes to recognition\(^\text{20}\) through which all overseas-qualified professionals can apply. Though these regulators do already have pathways established for EEA and Swiss-qualified professions under the interim system, the costs to these regulators of offering global recognition routes may be higher due to a higher volume of applications as qualified professionals from more countries have access to a pathway and the costs of setting up new routes for professions with non-UK qualifications.

65. To estimate the costs to these regulators we asked 12 regulators to estimate the costs of expanding routes to global applicants. 6 of these regulators are likely to be included in the new framework.

66. We received 3 transitional cost estimates, i.e., the immediate costs to adapt to the new framework. These estimates varied considerably; we were presented with £2,500, £350,000 and £700,000. We use the outer limits as our low and high estimates, taking the mean of £350,833 as our best estimate. We multiply these costs by the number of regulators that need to expand routes to estimate the total direct transitional costs of expanding routes.

*Table 2*: Direct transitional costs of expanding routes to global applicants for regulators treated as public sector

\(^{19}\) We have defined a ‘route to recognition through which any internationally qualified professional can apply’ as existing where regulators have a process in place to assess the equivalency of the foreign qualification and/or they require applicants to complete a test of their competence to practise the profession. This test of competence however should not be the same as a qualifying exam for a UK professional wishing to qualify with a UK qualification.

\(^{20}\) We have not defined regulators as having routes to recognition, where they require all overseas applicants to undertake parts of the qualification process that a UK professional qualifying with a UK qualification would have to take to access the profession or if the overseas qualified professional is required to requalify with a UK qualification, even if the process is fast tracked. In these instances, the regulator does not assess for equivalency before determining if the applicant should be required to sit the UK qualifying exams and/or undergo supervised work experience required of an individual seeking to qualify with the UK qualification.
4 regulators provided estimates of the additional annual costs to expand routes which were similarly varied in scale: £1,000, £65,000, £75,000 and £180,000 per year. Complexity of assessment and future volumes of applications are both likely to drive these costs. We use the outer limits as our low and high estimates, taking the mean of £80,250 per annum as our best estimate. We multiply this by the number of regulators which need to expand routes to estimate the total additional annual ongoing costs of expanding routes.

Table 3: Direct ongoing costs of expanding routes to global applicants for regulators treated as public sector

<table>
<thead>
<tr>
<th></th>
<th>Public sector regulators who need to expand routes (A)</th>
<th>Ongoing costs to expand routes (B) (2021 prices)</th>
<th>Total additional annual costs to expand routes (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>4</td>
<td>£1,000</td>
<td>£3,808</td>
</tr>
<tr>
<td>Best estimate</td>
<td>4</td>
<td>£80,250</td>
<td>£305,559</td>
</tr>
<tr>
<td>High</td>
<td>4</td>
<td>£180,000</td>
<td>£685,367</td>
</tr>
</tbody>
</table>

Costs of the new recognition framework for professions not likely to be included

There are over 90 regulators which regulate over 140 professions not likely to be included in the new framework, but which were in scope of the interim system put in place at the end of the transition period. These include Chartered Bodies and Chartered Professions. Revoking the interim system will mean that these regulators not likely to be included in the initial set of professions will no longer be required to provide preferential access to EEA and Swiss-qualified professionals.21 Some of these regulators may however choose to continue to provide routes to EEA and Swiss-qualified professionals, where they have the necessary legislative powers to implement such routes. Others, however, may not have the power to continue to provide such routes.

21 Except where required under the Swiss Citizens’ Rights Agreement.
69. Others, which have existing alternate application routes for all international qualification holders from any country, may wish to process EEA and Swiss-qualified professionals through these routes in future.

70. Table 4 lists the 37 generic professions which contain specific professions not likely to be included in the new framework and which we believe do not currently have an alternate pathway to recognition\textsuperscript{22} for European-qualified professionals and their historic recognition decision numbers under the MRPQ Directive. Some of the specific professions may be able to put in place an alternate system while others may not be able to.

Table 4: Historic recognition decision numbers for generic professions which include specific professions not likely to be included in the new framework and which do not have an alternate pathway to recognition for European-qualified professionals when the interim system ends.

<table>
<thead>
<tr>
<th>Generic profession</th>
<th>Recognition decisions given to EEA &amp; Swiss-qualified professionals 2007-2016\textsuperscript{23}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architect</td>
<td>6,129</td>
</tr>
<tr>
<td>Lawyer/Barrister/Solicitor</td>
<td>2,456</td>
</tr>
<tr>
<td>Civil engineer</td>
<td>751</td>
</tr>
<tr>
<td>Insurance underwriter</td>
<td>589</td>
</tr>
<tr>
<td>Deck officer class I fishing vessel</td>
<td>361</td>
</tr>
<tr>
<td>Accountant/ Tax advisor</td>
<td>352</td>
</tr>
<tr>
<td>Insurance and reinsurance intermediaries</td>
<td>320</td>
</tr>
<tr>
<td>Arbitrator</td>
<td>279</td>
</tr>
<tr>
<td>Actuary</td>
<td>173</td>
</tr>
<tr>
<td>Chief engineer class I fishing vessel</td>
<td>167</td>
</tr>
<tr>
<td>Deck officer class II fishing vessel</td>
<td>149</td>
</tr>
<tr>
<td>Gas installer /repairer</td>
<td>97</td>
</tr>
<tr>
<td>Architectural Technologist</td>
<td>94</td>
</tr>
<tr>
<td>Environmental health officer</td>
<td>84</td>
</tr>
<tr>
<td>Chemist</td>
<td>36</td>
</tr>
<tr>
<td>Deck officer class III fishing vessel</td>
<td>27</td>
</tr>
<tr>
<td>Blacksmith, Farrier, Forging, Stamping, Pressing</td>
<td>12</td>
</tr>
<tr>
<td>Quantity surveyor</td>
<td>1</td>
</tr>
<tr>
<td>Surveyor</td>
<td>1</td>
</tr>
</tbody>
</table>

\textsuperscript{22} Desk-based research by BEIS analysts and research consultancy SQW.

\textsuperscript{23} European Commissions’ Regulated Professions Database. It should be noted that recognition decisions are captured at the generic profession level and not the specific profession level. Some generic professions listed may therefore include specific professions which do have alternate routes and/or which may be likely to be included in the new framework. This table is therefore likely to overstate the recognition decision numbers of the specific professions without alternate routes and which are not likely to be included in the new framework.
Further 18 professions\textsuperscript{24} & 0 \\
Total & 12,078 \\

71. Regulators of professions that are not likely to be included in the new framework, do not have existing alternate routes to recognise EEA and Swiss-qualified professionals and which lack the powers to create new routes, will no longer be able to accept qualifications from EEA and Swiss-qualified professionals.

72. The recognition decision numbers for all generic professions which include specific professions not likely to be included in the new framework and without alternate routes for EEA and Swiss-qualified professionals (Table 4 above) total c. 1,200 per annum or c. 8\% of all decisions in the 10-year period between 2007 and 2016.\textsuperscript{25}

73. Around 600 of these decisions per annum, or c. 4\% of all decisions in the 10-year period between 2007 and 2016, are for architects, which are included in the Shortage Occupation List\textsuperscript{26,27} By comparison, there are over 42,500 architects listed in the Architects Register maintained by the Architects Registration Board (ARB) and there were 2,368 new admissions to the register in 2019.\textsuperscript{28} Furthermore, this Bill contains clauses, discussed below in paragraphs 16\textsuperscript{2}-16\textsuperscript{6}, to allow the ARB to hold a ‘list’ of overseas qualifications and prescribe compensatory measures, providing an expedited route to recognition for holders of listed qualifications, which may mitigate any impacts on the labour market for architects.

74. Where regulators do not have the powers to establish new routes, there may be labour market impacts. However, only 8\% of recognition decisions between 2007 and 2016 were given by regulators without existing routes for EEA applicants and

\textsuperscript{24} Air flight professions not elsewhere classified; Air traffic controller; Aircraft technician; Boatmaster; Building surveyor; Cabin steward; Chartered secretary; Conveyancer; Geologist; Health and Safety Officer; Land surveyor; Loss adjuster; Marine engineering officer class III; Measurement and control technologist; Minerals surveyor; Security guard / Warden; Shipbroker/Shipping Agent; Valuation surveyor.

\textsuperscript{25} Source: European Commissions’ Regulated Professions Database. It should be noted that recognition decisions are captured at the generic profession level and not the specific profession level. The total recognition decision numbers may therefore include specific professions which do have alternate routes and/or which may be likely to be included in the new framework. The recognition decision numbers are likely to therefore overstate the recognition decision numbers of the specific professions without alternate routes and which are not likely to be included in the new framework. We do not have a comprehensive understanding of which regulators fall into this category.

\textsuperscript{26} Home Office, \textit{Immigration Rules Appendix Shortage Occupation List}

\textsuperscript{27} Of the remaining c. 600 decisions given per annum, c. 250 are for the generic profession Lawyer/Barrister/Solicitor, which is not associated with occupations listed on the Shortage Occupation List, suggesting this profession is not in shortage. Furthermore, there are 8 regulators across the Home Nations responsible for regulating 5 different specific professions in the generic profession Lawyer/Barrister/Solicitor. Of these 8 regulators we are only aware of 2 which do not have an alternate route to recognition for EEA and Swiss professionals. Of the remaining 6 regulators, the Solicitors Regulation Authority offers the Qualified Lawyers Transfers Scheme for Solicitors wishing to practice in England and Wales and the Bar Standards Board offers the Bar Transfer Test to enable qualified lawyers to transfer to the Bar of England and Wales, without having to undergo the full course of education and training as required in the Academic and Vocational stages. It is unclear for the remaining 4 regulators whether or not routes exist for the professions they regulate.

\textsuperscript{28} Architects Registration Board, \textit{‘ARB publishes its latest annual report’}, 2021-07-16
unlikely to be included in the new framework\textsuperscript{29}, but we do not know how many of these may lack powers to create routes. Regulators could also use new powers from this Bill to establish bilateral arrangements (paragraphs 111-117) to offset these labour market impacts.

75. Labour market impacts (though predicted to be small) could include a lower number of EEA and Swiss-qualified professionals entering the UK labour market. This could exacerbate labour market shortages where they exist already and reduce competition in the market for services of professionals. This, in turn, could lead to higher prices for businesses and consumers of professional services and increased wages for UK professionals practising in the market.

76. The labour market impacts could also appear for professions with existing alternate routes for EEA and Swiss-qualified professionals if these are more burdensome than the processes under the interim system. It is expected that these would appear to a lesser extent compared to where no alternate routes exist.

77. It is extremely challenging to quantify these impacts and to disentangle them from the other changes taking place now that the UK has a points-based immigration system\textsuperscript{30} and mobility arrangements with trading partners, such as visa requirements, which will impact future migration numbers. It is also therefore not clear to what extent these changes are likely to result in direct impacts on UK employers and consumers since any changes to recognition arrangements that impact access to overseas-qualified professions by UK employers and consumers are contingent on other barriers to mobility. We have considered the second-round impacts of higher prices and wages that may result from a reduction in supply of EEA and Swiss-qualified professionals from working in the UK as indirect impacts.

Costs of ending the interim system for all regulators

78. When the interim system is revoked, regulators will no longer be obliged to process EEA applicants through routes created under the interim system. They may therefore choose to modify those routes in a number of ways: they may close them completely, process EEA applicants through global routes where these exist, or create new routes for EEA applicants. Professions which will be included in the future in the new recognition framework described above will need to ensure that EEA applicants have a route to recognition going forwards.

\textsuperscript{29} We have calculated this from the European Commissions’ Regulated Professions Database based on all generic professions that include any specific professions which do not have current routes for EEA and Swiss professionals outside the interim system and which are likely to not be included in the new recognition framework. Decision numbers are recorded at the generic profession level and so this may include decisions for specific professions that have routes for EEA professionals or are likely to be included in the framework.

79. In our stakeholder engagement we asked 12 regulators what their intended approach to recognising EEA and Swiss-qualified professionals will be when the interim system is revoked and what the associated costs and benefits are. None indicated that they would close recognition routes, instead saying they would process future EEA applicants through existing third country routes or create new routes where needed. 4 of the 12 reported that they have already done or are doing so.

80. Beyond this, we do not know the number of regulators who will incur costs as a result of having to modify the interim routes. We therefore estimate what the total costs would be if we assume all regulators will have to make these changes. We know however that this is an upper estimate since some regulators have already made these changes and will not incur further costs, and some have the power to determine their own recognition routes and so could leave in place their existing processes. We also assume all costs to Chartered bodies which do not regulate professions regulated by law are indirect. This is because these Chartered bodies are not reliant on having powers to alter their recognition arrangements, and so are free to continue using their current processes.

81. We estimate the transitional costs incurred per regulator using the responses provided in our regulator engagement. 5 regulators out of the 12 engaged provided transitional cost estimates of modifying routes under the interim system of: £775, £2,500, £19,800, £120,000 and £164,000. We have used the outer limits as our low and high estimates, taking the mean of £61,415 as our best estimate. We multiply these estimates by the number of regulators in scope of this provision to estimate the total direct and indirect transitional costs.

Table 5: Direct transitional costs of modifying interim routes for regulators treated as businesses

<table>
<thead>
<tr>
<th>Regulators we assume are in scope of the Business Impact Target who may need to modify routes (A)</th>
<th>Transitional costs to modify routes (B) (2021 prices)</th>
<th>Total transitional costs to modify routes (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>17</td>
<td>£775</td>
</tr>
<tr>
<td>Best estimate</td>
<td>17</td>
<td>£61,415</td>
</tr>
<tr>
<td>High</td>
<td>17</td>
<td>£164,000</td>
</tr>
</tbody>
</table>

Table 6: Indirect transitional costs of modifying interim routes for Chartered bodies (which are treated as ‘Businesses’)

31 We estimate that there are 17 statutory regulators which we are treating as businesses for the purposes of the BIT and 40 which we are treating as public sector. We also assume all 52 Chartered Bodies responsible for regulating professions that are not regulated by law, will have to make these changes, however these costs are treated as indirect.
Chartered bodies (treated as businesses) who may choose to modify routes (A)

<table>
<thead>
<tr>
<th></th>
<th>Transitional costs to modify routes (B) (2021 prices)</th>
<th>Total transitional costs to modify routes (A*B) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>52</td>
<td>£775</td>
</tr>
<tr>
<td>Best estimate</td>
<td>52</td>
<td>£61,415</td>
</tr>
<tr>
<td>High</td>
<td>52</td>
<td>£164,000</td>
</tr>
</tbody>
</table>

Table 7: Direct transitional costs of modifying interim routes for regulators treated as public sector

<table>
<thead>
<tr>
<th></th>
<th>Public sector regulators who may need to modify routes (A)</th>
<th>Transitional costs to modify routes (B) (2021 prices)</th>
<th>Total transitional costs to modify routes (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>40</td>
<td>£775</td>
<td>£29,514</td>
</tr>
<tr>
<td>Best estimate</td>
<td>40</td>
<td>£61,415</td>
<td>£2,338,435</td>
</tr>
<tr>
<td>High</td>
<td>40</td>
<td>£164,000</td>
<td>£6,244,455</td>
</tr>
</tbody>
</table>

82. 5 regulators estimated ongoing costs for modifying routes, for example closing interim routes, creating new routes or processing through more costly existing routes. 1 regulator quoted “£0”, 1 reported ongoing costs would be minimal and a third estimated £500 per applicant. It was unclear if the £500 cost is in addition to existing costs. Where costs were qualified in the information that regulators provided:

- 1 regulator explained that processing EEA applicants through existing global routes would cost an additional £100 per applicant compared to the current preferential interim route. That regulator also quoted a saving they anticipated compared to the current interim system, which works out to approximately £10 per application at the historic rate. This gives a net cost increase of c. £90 per EEA applicant.
- Another regulator estimated annual costs of additional staff training to handle increased numbers of applications to be processed through existing global routes, as well as further costs relating to legal advice and staff time responding to queries, totalling approximately £120 per application at the historic rate. They also quoted a saving of £60 per applicant no longer applying through the current interim system, for a net cost increase of c. £60 per applicant.

We use these figures as our high and low estimate of an additional cost per applicant, taking the mean of c. £75 as our best estimate.

83. Given that we do not know how many regulators will be required to modify how they process EEA and Swiss applicants in future, and which would also incur an additional cost from doing so, we estimate the costs to regulators under the
conservative assumption that all future applications incur an additional cost as described above.

84. Historically, UK regulators have given 149,496 establishment recognition decisions to EEA & Swiss-qualified applicants over the 10-year period 2007-2016, at a rate of c. 14,950 per year.\textsuperscript{32} Home Office modelling estimates that the new Skilled Worker visa system could result in a 70% reduction in EEA long-term worker inflows.\textsuperscript{33} We assume this 70% reduction for our low estimate of the number of future applications, no reduction for our high estimate and the mid-point of a 35% reduction for our best estimate. We further disaggregate our estimates of future applications between those regulators that we are treating as businesses for the purposes of the BIT; Chartered regulators of professions not regulated by law;\textsuperscript{34} and regulators that we are treating as public sector: of the 149,496 recognition decisions given by UK regulators between 2007 and 2016 recorded on the European Commission’s Regulated Professions Database:

- 4,153 were for generic professions predominantly regulated by Chartered Bodies regulating professions that are not regulated by law (3%);
- 140,221 were for the highest twenty generic professions predominantly regulated by regulators that we are treating as public sector, though this is not an exhaustive list and could be higher (94%);
- leaving 5,122 decisions that we attribute to regulators that we are treating as businesses (3%).

\textbf{Table 8: Direct ongoing costs of modifying interim routes for regulators treated as businesses}

<table>
<thead>
<tr>
<th>Forecast of annual applications to regulators we assume are in scope of the Business Impact Target (A)</th>
<th>Net cost increase per application of not using interim route (B) (2021 prices)</th>
<th>Total ongoing annual costs of ending interim system (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>154</td>
<td>c. £60</td>
</tr>
<tr>
<td>Best estimate</td>
<td>333</td>
<td>c. £75</td>
</tr>
<tr>
<td>High</td>
<td>512</td>
<td>c. £90</td>
</tr>
</tbody>
</table>

\textbf{Table 9: Indirect ongoing costs of modifying interim routes for Chartered bodies}

\textsuperscript{32} European Commission’s Regulated Professions’ Database.

\textsuperscript{33} \textit{Home Office, 2020, Impact Assessment for changes to the Immigration Rules for Skilled Workers and accompanying Technical Annex}

\textsuperscript{34} On whom all impacts are indirect as they all have the authority to continue with processes created under the interim system.
Forecast of annual applications to Chartered bodies (treated as businesses) (A)

<table>
<thead>
<tr>
<th></th>
<th>Forecast of annual applications to Chartered bodies (treated as businesses) (A)</th>
<th>Net cost increase per application of not using interim route (B) (2021 prices)</th>
<th>Total ongoing annual costs of ending interim system (A*B) (indirect) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>125</td>
<td>c. £60</td>
<td>£7,397</td>
</tr>
<tr>
<td>Best estimate</td>
<td>270</td>
<td>c. £75</td>
<td>£19,484</td>
</tr>
<tr>
<td>High</td>
<td>415</td>
<td>c. £90</td>
<td>£35,294</td>
</tr>
</tbody>
</table>

Table 10: Direct ongoing costs of modifying interim routes for regulators treated as public sector

Forecast of annual applications to public sector regulators forecast (A)

<table>
<thead>
<tr>
<th></th>
<th>Forecast of annual applications to public sector regulators forecast (A)</th>
<th>Net cost increase per application of not using interim route (B) (2021 prices)</th>
<th>Total ongoing annual costs of ending interim system (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>4,207</td>
<td>c. £60</td>
<td>£249,744</td>
</tr>
<tr>
<td>Best estimate</td>
<td>9,114</td>
<td>c. £75</td>
<td>£657,843</td>
</tr>
<tr>
<td>High</td>
<td>14,022</td>
<td>c. £90</td>
<td>£1,191,654</td>
</tr>
</tbody>
</table>

Benefits of the new recognition framework for professions likely to be included

85. Professions likely to be included in set of professions under the new framework will be required to have routes in place to enable professionals qualified in all other countries to achieve recognition of their qualifications, where they are deemed to demonstrate substantially the same knowledge and skills to substantially the same standard as the UK’s, or relevant devolved nation’s, qualifications. While professionals qualified overseas wishing to practise their profession in the UK will still need to meet the relevant requirements (for example visa requirements, criminal record checks, etc), the new recognition framework will ensure that qualification recognition will not act as an additional barrier to securing access to overseas-qualified talent in priority professions which could benefit from the inward migration of skilled professionals in addressing labour supply shortages.

86. 62 of the 88 professions likely to be included in the new framework are associated with occupations on the Shortage Occupation List.35

35 https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-shortage-occupation-list - 61 of these professions are associated with occupations deemed in shortage across the UK; 1 (Primary school teachers) is only deemed in shortage in Scotland (though only Gaelic-medium teachers).
87. Of the 88 professions likely to be included in the new framework, 82 are regulated UK-wide; 4 more are regulated across the UK but by different regulators; 1 profession is regulated across Great Britain only; and 1 profession is regulated in England only.

88. Due to the combined effects of the end of the transition period, the new points-based immigration system and the coronavirus pandemic, any predictions of future changes in incoming professional supply would be extremely uncertain, and so we do not attempt to quantify numbers here.

89. In addition, ensuring regulators are given autonomy to assess the equivalency of overseas-qualified professionals and determine what compensatory measures are appropriate will ensure that they are able to safeguard public safety. They will be able to prevent professionals from achieving recognition and practising in the UK where they are unfit to do so.

**Benefits of the new recognition framework for professions not likely to be included**

90. Regulators not likely to be included in the new framework and which will no longer need to assess applications for recognition from EEA and Swiss-qualified professionals, either because they cannot implement an alternate route, do not have an alternate route for overseas applicants already or choose not to implement an alternate route, may save resources by no longer assessing applications. It should be noted however that these regulators will also no longer receive the fee revenue attached to these applications.

91. We asked 12 regulators to consider the benefits arising. We received no estimates of transitional benefits, and the 2 estimates received of ongoing benefits arising from not processing EEA-qualified applicants through the interim system have been incorporated into the cost calculations above.

92. Professional qualification recognition requirements can act as a non-tariff barrier to services trade. If UK professionals’ qualifications are recognised in European countries this could be an enabler in bidding for, winning and providing traded services by regulated professionals. By ending unilateral recognition for certain professions, UK regulators may be in a better position to negotiate mutually beneficial and reciprocal recognition arrangements with our EU counterparts. This, however, is not a direct benefit and we do not attempt to quantify it.

93. A reduction in the recruitment of EEA and Swiss-qualified professionals could reduce competition in the market for services, to the benefit of UK-qualified professionals in the UK. EEA firms may be less able to provide services involving regulated professions to UK customers, which may benefit UK businesses. We do not attempt to quantify these indirect benefits.

**Provision 2: Route of appeal**
94. Decision-makers in respect of professions likely to be included in the new framework may also be obligated in the secondary legislation that adds the profession to the framework to offer a route of appeal. This obligation is expected to apply to all decision-makers included in the new framework. However, the appeals process may vary between decision-makers, to ensure they retain their autonomy to act as appropriate for their professions; for example, where regulators already have appeals processes, we would wish these to continue rather than impose additional burden.

**Costs of the route of appeal obligation**

95. An appeals process should already exist under the interim system for EEA and Swiss-qualified professionals. Therefore, the costs imposed will relate to ensuring that regulators which do not currently process appeals for all globally qualified professionals applying for recognition do so going forwards. This may result in a higher volume of appeals to assess.

96. From our regulator engagement, each of the 6 regulators likely to be included in the new framework reported that they already had suitable appeals processes. As such, our low estimate of the number of regulators impacted is 0. Overall, only 2 out of 12 regulators engaged reported not having existing appeals processes, which we use as a ratio to determine our best estimates of regulators that will be affected. Applying this ratio to the 18 regulators likely to be included in the new framework results in a total best estimate of 3 regulators affected, all of which we are treating as public sector organisations for the purpose of the BIT. For our high estimate, we apply a +25% sensitivity and round up.

97. None of the regulators we engaged provided estimates of how much the transitional costs to establish a suitable appeals process would be relative to their existing processes. We assume 6 months’ full-time employee equivalent labour as our best estimate, with our high and low estimates derived by applying a +/-25% sensitivity. Our calculation of labour costs uses the ONS’ median full-time pay of £31,462 for the tax-year ending April 2020. We increase this by 22% to account for non-wage costs of labour such as tax and pension contributions, giving an annual employment cost of £40,307. This provides a best estimate for the transitional cost of introducing appeals of £20,154 per regulator. We assess these costs as direct as they would be immediate and unavoidable.

*Table 11: Direct transitional costs of introducing appeals for regulators treated as public sector*

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36 ONS, 2020, *Earnings and working hours*.  
37 Eurostat, *Labour cost levels by NACE Rev. 2 activity*, online data code: LC_LCI_LEV, updated 31/03/2021, share of non-wage costs in the UK in 2019.
<table>
<thead>
<tr>
<th>Public sector regulators who need to introduce appeals (A)</th>
<th>Transitional costs to introduce appeals (B) (2021 prices)</th>
<th>Total transitional costs to introduce appeals (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>£15,115</td>
<td>£0</td>
</tr>
<tr>
<td>Best estimate</td>
<td>£20,154</td>
<td>£57,552</td>
</tr>
<tr>
<td>High</td>
<td>£25,192</td>
<td>£95,921</td>
</tr>
</tbody>
</table>

98. We received the following 6 estimates of the ongoing costs for the introduction of the appeals process: “small”, “very infrequent”, £30,000, £70,400, £160,500 and £185,000 per year. We have used the outer limits as our low and high estimates, taking the mean of £74,317 as our best estimate.

Table 12: Direct ongoing costs of introducing appeals for regulators treated as public sector

<table>
<thead>
<tr>
<th>Public sector regulators who need to introduce appeals (A)</th>
<th>Ongoing costs of introducing appeals (B) (2021 prices)</th>
<th>Total ongoing annual costs of introducing appeals (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>£30,000</td>
<td>£0</td>
</tr>
<tr>
<td>Best estimate</td>
<td>£74,317</td>
<td>£212,226</td>
</tr>
<tr>
<td>High</td>
<td>£185,000</td>
<td>£704,405</td>
</tr>
</tbody>
</table>

Benefits of the route of appeal obligation

99. The route of appeal will improve transparency in outcomes. International applicants who may otherwise not have received recognition may be given access to recognition and to practising the profession in the future. However, this depends on the number of incorrect decisions made in the future and the number of applicants who choose to appeal those decisions. Given the uncertainty of these two factors, we have not attempted to quantify this benefit.

Provision 3: Overseas information sharing requirement

100. The Bill will obligate all UK regulators which regulate professions the access to which is restricted by law to those who hold specified qualifications or experience to provide any information to overseas regulators:
   a. that is held by the domestic regulator,
   b. that relates to the individual,
   c. that—
      i. is requested by the overseas regulator (provided the request is made with the permission of the individual), or
      ii. is requested by the individual to be provided to the overseas regulator, and
d. is required by the overseas regulator for the purpose of determining any
question relating to the entitlement of the individual to practise the
corresponding profession in the country or territory mentioned in c.
An appropriate national authority (i.e. a Secretary of State, Lord Chancellor or
devolved ministers where within their devolved competence) may also make, in
regulations, such provision in relation to this obligation as they see fit.

101. Such information will be specific to the individual and their professional standing.
It is expected that UK regulators already hold this information as standard.38

**Costs of the overseas information sharing requirement**

102. We have determined that there are 57 regulators which collectively regulate 164
professions in scope of this information sharing requirement.

103. 40 regulators in scope of being obligated to share this information are public sector
organisations. For 17 other regulators in scope, it is unclear whether they are acting
on behalf of a public sector authority.39 We therefore treat these 17 as businesses
for the purpose of the Business Impact Target. Regulators are generally able to
pass on additional costs to applicants in the form of higher fees, except where they
are restricted from doing so through legislation.

104. We anticipate that the above requirement will impose minimal additional costs on
the 57 regulators in scope since they were historically obligated to store and share
this information with EEA and Swiss counterparts under the MRPQ Directive. The
costs associated with this obligation will then depend on whether regulators already
provide this information to their overseas counterparts and the resultant increase
in administrative costs associated with providing the information.

105. Only 3 out of the 12 regulators engaged indicated that they do not already share
this information with overseas regulators. We applied this ratio to the 57 regulators
in scope to determine our best estimate of 14 regulators affected (4 of which we
are treating as businesses for the purposes of the BIT and 10 of which are public
sector). We derived our high and low estimates by applying a +/-25% sensitivity
and rounding up or down.

38 The information may include for example: a) the name and date of birth of the individual, or such
suitable details as to uniquely identify them; b) their current regulatory status in the UK / part of the UK;
c) details the regulator holds of the qualifications that individual has gained in order to become a
regulated professional / use a protected title; d) where applicable, details of whether the individual’s
continuing professional development is up to date; e) where applicable, details of any restriction of
practise for that individual; and
f) Where applicable, details of any ongoing regulatory fitness to practise, misconduct or conduct
processes (for example regulatory investigations, proceedings, hearings) or criminal proceedings in
relation to professional conduct.

39 This is based on an assessment of regulators who are in scope against the ONS’ Public Sector
Classification Guide, the Freedom of Information Act 2000 and The Freedom of Information (Scotland)
Act 2002.
106. We received no estimates of transitional costs for sharing information with overseas regulators through our stakeholder engagement. We assumed 2 months’ full-time employee equivalent labour as our best estimate, calculated using the methodology described above in paragraph 97, with our high and low estimates derived by applying a +/-25% sensitivity. This results in a best estimate of £6,718 per regulator affected.

Table 13: Direct transitional costs of sharing information with overseas regulators for UK regulators treated as businesses

<table>
<thead>
<tr>
<th>Regulators we assume are in scope of the Business Impact Target who do not already share information with overseas regulators (A)</th>
<th>Transitional costs of sharing information (B) (2021 prices)</th>
<th>Total transitional costs to share information (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>3</td>
<td>£5,038</td>
</tr>
<tr>
<td>Best estimate</td>
<td>4</td>
<td>£6,718</td>
</tr>
<tr>
<td>High</td>
<td>5</td>
<td>£8,397</td>
</tr>
</tbody>
</table>

Table 14: Direct transitional costs of sharing information with overseas regulators for UK regulators treated as public sector

<table>
<thead>
<tr>
<th>Public sector regulators who do not already share information with overseas regulators (A)</th>
<th>Transitional costs of sharing information (B) (2021 prices)</th>
<th>Total transitional costs to share information (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>7</td>
<td>£5,038</td>
</tr>
<tr>
<td>Best estimate</td>
<td>10</td>
<td>£6,718</td>
</tr>
<tr>
<td>High</td>
<td>13</td>
<td>£8,397</td>
</tr>
</tbody>
</table>

107. We received 3 estimates of ongoing costs for responding to requests from overseas regulators: £2,250, £3,300 and £13,081. We have used the outer limits as our low and high estimates, taking the mean of £6,210 as our best estimate.

Table 15: Direct ongoing costs of sharing information with overseas regulators for UK regulators treated as businesses

<table>
<thead>
<tr>
<th>Regulators we assume are in scope of the Business Impact Target who do not already share information with overseas regulators (A)</th>
<th>Ongoing costs of sharing information with overseas regulators (B) (2021 prices)</th>
<th>Total ongoing annual costs of sharing information with overseas regulators (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>3</td>
<td>£2,250</td>
</tr>
<tr>
<td>Best estimate</td>
<td>4</td>
<td>£6,210</td>
</tr>
<tr>
<td>High</td>
<td>5</td>
<td>£13,081</td>
</tr>
</tbody>
</table>
Table 16: Direct ongoing costs of sharing information with overseas regulators for UK regulators treated as public sector

<table>
<thead>
<tr>
<th>Public sector regulators who do not already share information with overseas regulators (A)</th>
<th>Ongoing costs of sharing information with overseas regulators (B) (2021 prices)</th>
<th>Total ongoing annual costs of sharing information with overseas regulators (A*B) (direct) (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>7</td>
<td>£2,250</td>
</tr>
<tr>
<td>Best estimate</td>
<td>10</td>
<td>£6,210</td>
</tr>
<tr>
<td>High</td>
<td>13</td>
<td>£13,081</td>
</tr>
</tbody>
</table>

108. There are other indirect costs that could result from the obligation to share information. For example, it could play a role in facilitating the outwards migration of skilled UK professionals seeking to permanently establish themselves in another country, reducing labour supply in the UK. It is not possible to quantify these costs.

**Benefits of the overseas information sharing requirement**

109. By facilitating the recognition of UK professionals seeking recognition overseas, information sharing could indirectly provide improved access to overseas markets for UK professionals and businesses seeking to export their services overseas. It is not possible to quantify these benefits.

110. Sharing information with overseas regulators may encourage overseas regulators to reciprocate when foreign professionals apply for UK recognition, reducing the costs and risks to UK regulators of assessing overseas applicants. It is not possible to quantify these benefits.

**Regulator and international recognition agreements**

**Provision 4a: The power to enable regulators to negotiate recognition arrangements**

111. The Bill contains a power to enable regulators to negotiate and agree Recognition Arrangements (RAs) with their overseas counterparts. The Bill does not require the negotiation of RAs and therefore does not directly impose costs or benefits.

**Costs of the power to enable regulators to negotiate recognition arrangements**

112. Should regulators choose to pursue RAs, there will be staff effort required to develop and agree proposals. However, the Bill does not obligate this, and so these costs would be indirect. Of the 57 regulators assessed to be in scope of the power

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This will include RAs that could result from International Agreements that provide a framework process for the negotiation and agreement of RAs.
should they choose to use it, 17 are assumed to be businesses for the purpose of the BIT and 40 are public sector organisations.

113. The types of the activities and costs that would be involved in negotiating an RA may include the mapping of competences, education, practical experience and registration requirements; the development of draft text; discussion and exchanges of texts; seeking legal advice; and managing how the outcomes are communicated publicly. Committee and Board time would also be required. However, the exact content of an RA and the level of work involved would vary, and would be decided by regulators in discussion with their international counterparts. These costs are therefore not easily quantified. Our engagement with regulators suggests that the cost of an RA could vary significantly.

114. We are not in a position to know with enough certainty whether the cost of getting a qualification recognised under an RA will fall to individual professionals or to businesses; this will vary depending on specific circumstances.

**Benefits of the power to enable regulators to negotiate recognition arrangements**

115. The inward benefits to businesses from the provisions, when RAs are signed, will be increased legal certainty, and improved access to labour supply, compared to the counterfactual. Regulated professionals provide services that are consumed by businesses across the supply chain, creating more choices and in turn competitive prices. RAs also promote UK education and professional standards around the world, a potentially significant factor in recruiting students to study in the UK.

116. The export benefits of RAs include the outwards movement of UK professionals to other countries, creating opportunities for UK businesses and professionals operating overseas. UK businesses can benefit from an RA by taking advantage of its provisions to develop their export capacity and secure export opportunities overseas involving regulated professionals.

117. The above benefits are very difficult to quantify as it is unknown to what extent trade is reliant on recognition arrangements. In addition, visa requirements could impact whether or not international professionals will be able to supply their labour in the UK market.

**Provision 4b: Implementation of international agreements**

118. The Bill contains a power to make regulations to implement the recognition of professional qualifications (RPQ) components of international agreements41 (IAs).

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41 "International agreement" (IA) here means: so much of any international agreement as relates to the recognition of overseas qualifications or overseas experience for the purposes of determining eligibility to practice a profession in the United Kingdom or part of it.
These regulations could include the ability to bind regulators to implement the RPQ chapters of IAs as appropriate.

119. The IA power will be broad, allowing Secretaries of State and, where the subject matter falls within a devolved legislative competence, Scottish and Welsh ministers and the Northern Irish departments, to make secondary legislation to give effect in domestic law to the RPQ provisions of IAs.

120. This will include the power for the appropriate national authority to amend existing legislation where necessary. In addition, the power will allow that authority to make regulations binding on the regulator, should this be needed to implement the new approach.

**Costs of the power to implement international agreements**

121. The power to implement IAs will have no impact relative to the counterfactual until it is used to implement agreements. Therefore, there are no costs directly arising from these provisions above the counterfactual. Any potential costs and benefits are associated with the provisions being used in the future to implement RPQ arrangements of IAs. UK-qualified professionals applying for recognition of their professional qualifications will continue to be reliant on foreign countries’ national laws after Bill commencement.

122. Implementing the RPQ elements of an IA may also include establishing routes to recognition which meet the specific requirements of the international agreement. However, the Bill is not directly obligating any regulator to effect these actions and they would only be brought into force upon the making of secondary legislation the relevant Secretary of State or equivalent authority in a devolved administration. IAs will first need to be negotiated before the power will ever be used.

123. An example of the types of indirect costs that could arise as a result of implementing an IA is seen in the RPQ Chapter in the UK-Canada Agreement on Trade Continuity. This agreement does not oblige regulators in the UK or the EU to negotiate mutual recognition agreements (MRA), however, it provides a framework for the process to negotiate an MRA. Since this is a continuity agreement, some of the MRAs negotiated under it might be implemented through the Trade Act 2021, however, where they require amendment to primary legislation that is not retained EU law, it may be necessary to use this power.

124. This process requires professional bodies or authorities to develop and provide a joint recommendation on the recognition of professional qualifications to a Joint Committee along with an evidence-based assessment of the economic value of the recognition of professional qualifications and the compatibility of the respective regimes. The Committee then reviews the recommendation and decides whether to develop and adopt the arrangements before an MRA is agreed. The costs associated with this include the time and resources required to develop a joint
recommendation and evidence-based assessment in addition to the resource requirements to establish a Joint Committee.

**Benefits of the power to implement international agreements**

125. The power to implement IAs supports the UK’s ambitious trade agenda by providing a means to ensure that the UK government can meet any international commitments it makes in relation to the recognition of professional qualifications. IAs also provide the potential of reaching more comprehensive arrangements on recognition.

**Supporting information sharing between regulators in the UK**

**Summary of the provision**

126. This assessment considers the effects of the provisions in the Bill created to support information sharing between regulators within the UK.

127. The UK Internal Market Act 2020 facilitates the movement of professionals within the UK by introducing a system of recognition of professional qualifications. To ensure cooperation between regulators in different parts of the UK, the Bill will place a duty on regulators to share certain information pertaining to a professional if requested by a counterpart regulatory body in another part of the UK.

128. This part of the Bill will be commenced by regulations only in the event that voluntary cooperation between regulators breaks down.

**Summary of the counterfactual**

129. Some regulators, like those in the school teaching and legal professions, already share information with their counterparts across the UK internal market.42

130. However, most of this information sharing happens on a voluntary basis. We are aware of only three professions where legislation explicitly mandates some cooperation and information-sharing between equivalent regulators in different parts of the UK.43

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42 We have engaged with the Department for Education (DfE) with respect to social workers and primary and secondary school teachers. DfE informed us that data on professional registration and sanctions is routinely and proactively shared with the regulators in Wales, Scotland and Northern Ireland and operational relationships are strong. This is done mainly through the sharing of databases/registers.

43 The three professions are primary and secondary school teachers and social workers - although the obligations are not consistent across the UK. With respect to teaching, there is no legal obligation on the Teaching Regulation Authority, the regulator for England, to share information with its counterparts. However, Article 12 of The Public Services Reform (General Teaching Council for Scotland) Order 2011 places a duty on the regulator for Scotland to share information with its UK counterparts. Regulations 49 to 51 of The Education Workforce Council (Main Functions) (Wales) Regulations 2015 place duties on the regulator for Wales to share information with its UK counterparts. Regulation 15 of the General Teaching Council for Northern Ireland (Registration of Teachers) Regulations (Northern Ireland) 2004
**Costs of the provision to support information sharing between regulators in the UK**

131. In total, we are aware of 32 regulators operating in different parts of the UK, which regulate 20 professions, which may be affected by the information-sharing provision upon commencement. These professions are care managers (adult care home, domiciliary, residential child-care), legal professions (advocate, barrister, Chartered Legal Executive, costs lawyer, insolvency practitioner, conveyancer, notary, solicitor), driving instructors (cars & motorcycles), pharmacists, teachers (primary and secondary school), safety advisors for the transport of dangerous goods, slaughterers, social workers and train drivers. 22 of the regulators are public sector, and we are treating the other 10 as businesses.

132. Upon commencement, there would be direct costs for regulators where a profession is regulated differently across the UK and information is not collated or is collated but not in a manner which allows it to be shared between the nations of the UK. There will also be additional direct transitional and ongoing costs for regulators which do collate this information but do not share it with their counterparts across the UK. Transitional costs will occur as regulators need to set up or adapt these data collection and sharing processes, whilst ongoing costs will be necessary to maintain the collection and sharing. We have assessed these costs as direct because they will be immediate (upon commencement) and unavoidable and will fall on those subject to the regulation and accountable for compliance. We anticipate, however, that most regulators do already collate this information and therefore costs will be minimal.

133. We asked 12 regulators to estimate the costs and benefits of collating and sharing the relevant information. 11 out of the 12 regulators did not provide estimates.

134. 4 regulators responded to a question on whether they already share information with other UK regulators. 3 regulators indicated that they already provide this information, 1 did not. We therefore assume for our best estimate that 25% of the regulators in scope of these provisions will need to start collecting and sharing data. The high and low estimates of the numbers of regulators are calculated by applying a +/-25% sensitivity and rounding up or down.

135. Some estimates were provided by 1 regulator, who currently collects information about the professionals that they regulate. They do not share this information with other regulators as there are no equivalent professions in other parts of the UK. They estimated the transitional costs of establishing a system to collect and share

places a duty on the regulator for Northern Ireland to share information with an equivalent General Teaching Council. With respect to social work, Section 53 of the Children and Social Work Act 2017 imposes a duty on Social Work England to cooperate with its counterparts in the devolved administrations. We are not aware of an equivalent legal obligation on counterpart social care regulators in other parts of the UK.
data would be £2,000-£5,000. We take either end of this range as our low and high estimates and use the midpoint of £3,500 as our best estimate.

**Table 17: Transitional direct costs to regulators treated as businesses for collecting/sharing data**

<table>
<thead>
<tr>
<th>Regulators treated as businesses who need to collect &amp; share data (A)</th>
<th>Transitional costs to collect &amp; share data (2021 prices) (B)</th>
<th>Total transitional costs to collect &amp; share data (2019 prices) (A*B) (direct)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>2</td>
<td>£2,000</td>
</tr>
<tr>
<td>Best estimate</td>
<td>3</td>
<td>£3,500</td>
</tr>
<tr>
<td>High</td>
<td>4</td>
<td>£5,000</td>
</tr>
</tbody>
</table>

**Table 18: Transitional direct costs to regulators treated as public sector for collecting/sharing data**

<table>
<thead>
<tr>
<th>Public sector regulators who need to collect &amp; share data (A)</th>
<th>Transitional costs to collect &amp; share data (2021 prices) (B)</th>
<th>Total transitional costs to collect &amp; share data (2019 prices) (A*B) (direct)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>4</td>
<td>£2,000</td>
</tr>
<tr>
<td>Best estimate</td>
<td>6</td>
<td>£3,500</td>
</tr>
<tr>
<td>High</td>
<td>8</td>
<td>£5,000</td>
</tr>
</tbody>
</table>

136. Our best estimate for the ongoing annual costs of collecting/sharing data is £500 per regulator, as this is the figure provided by the stakeholder. The high and low estimates were established by calculating a 25% range around this figure.

**Table 19: Ongoing direct costs of collecting/sharing data to regulators treated as businesses**

<table>
<thead>
<tr>
<th>Regulators treated as businesses who need to collect &amp; share data (A)</th>
<th>Annual costs to collect &amp; share data (2021 prices) (B)</th>
<th>Total annual costs to collect &amp; share data (2019 prices) (A*B) (direct)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>2</td>
<td>£375</td>
</tr>
<tr>
<td>Best estimate</td>
<td>3</td>
<td>£500</td>
</tr>
<tr>
<td>High</td>
<td>4</td>
<td>£625</td>
</tr>
</tbody>
</table>

**Table 20: Ongoing direct costs of collecting/sharing data to regulators treated as public sector**

<table>
<thead>
<tr>
<th>Public sector regulators who need to collect &amp; share data (A)</th>
<th>Annual costs to collect &amp; share data (2021 prices) (B)</th>
<th>Total annual costs to collect &amp; share data (2019 prices) (A*B) (direct)</th>
</tr>
</thead>
</table>
Benefits of the provision to support information sharing between regulators in the UK

137. The benefits of the provisions related to sharing information include facilitating the mobility of professionals across the UK and increasing the speed with which recognition decisions are granted. This could enable a more efficient labour market by facilitating qualified individuals to seek employment in other UK jurisdictions or move between locations within the same company or organisation. This could help to prevent occupational regulation from creating increased labour market distortions, such as unintentionally increasing unemployment if regions have an oversupply of qualified professionals or increasing wage levels where there are supply shortages in qualified professions. These are indirect benefits which are difficult to quantify, and we have therefore not calculated them.

138. Sharing information with other regulators will ensure safety standards are maintained, for example if there is evidence of malpractice. These are indirect benefits which are difficult to quantify, and we have not attempted to do so.

Information transparency

Summary of the provisions

139. The Bill places an obligation on regulators of those professions which are regulated by law to publish information (detailed above in paragraph 24) in a publicly accessible manner. We estimate 57 regulators are in scope of this provision (17 of which are to be treated as businesses for the purpose of the BIT).

140. The Bill includes a delegated power so that secondary legislation can be introduced in the future which would specify additional information to be published.

Summary of the counterfactual

141. There is an existing transparency requirement in domestic legislation⁴⁴ that implements the EU system that a competent authority (regulator) must act as the point of single contact for their regulated professions and provide general information on how individuals can access and pursue their regulated professions.

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<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>4</th>
<th>£375</th>
<th>£1,428</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best</td>
<td></td>
<td>6</td>
<td>£500</td>
<td>£2,856</td>
</tr>
<tr>
<td>estimate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>8</td>
<td>£625</td>
<td>£4,759</td>
</tr>
</tbody>
</table>

⁴⁴ Contained in regulation 5(4) of the European Union (Recognition of Professional Qualifications) Regulations 2015, as amended by regulation 9(b) in the Recognition of Professional Qualifications (Amendment etc.) (EU Exit) Regulations 2019
142. There are varying existing legal obligations for a regulator to provide information on the process available to apply for access to the profession using the recognition of overseas qualifications to meet the regulator’s qualification requirements.

Costs of the transparency requirement

143. Regulators will need to update their websites to reflect the above transparency requirements. Some may already have full information published on their websites so require no change while others may not have this data collated in publishable format so would require additional work.

144. We know that some regulators already provide some of the information on their websites. However, the level to which this information is clearly signposted and easily understood varies. For example, desk-based research by BEIS analysts and research consultancy SQW found that:

a. across 157 professions considered, the minimum years’ study required was unclear for 35 regulated professions; the minimum years’ work experience was unclear for 29 professions; and the minimum qualification level was unclear for 33 professions. It was also unclear for 2 professions what type of qualification (vocational or educational) was required.

b. for 29 out of 157 professions investigated it was unclear from their public information whether or not recognition pathways exist outside of the interim system. Regulators should know the recognition routes they have available, so they do hold this information.

145. Previously regulators were also required to collect information on recognition decision outcomes which informed the European Commission’s Regulated Professions Database. Some regulators may voluntarily publish data on recognition outcomes and where their registrants gained their qualifications (such as the NMC), but this varies by regulator.45

146. We have not systematically assessed the extent to which regulators publish:

a. any cost imposed by the regulator for entering the profession and an indicative list of costs imposed for practising in the profession;

b. any ongoing obligations for remaining in the profession; and

c. the numbers of professionals seeking recognition of their qualifications gained from another part of the UK and/or overseas qualifications as equivalent to the UK qualification, where that qualification was gained, and the outcome.

147. We anticipate that the costs associated with updating regulators’ websites with the information described above will involve a one-off cost to update the website and an ongoing annual cost for further updates (costs arise from the time involved in gathering and publishing the required information and updating this annually). These costs are considered direct as they are unavoidable for regulators and will occur as soon as the legislation takes effect. These costs will fall on regulators

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which are treated as businesses for the purposes of the Business Impact Target and those which are considered as public sector organisations.

148. The ongoing costs are likely to be minimal, except perhaps for the requirement to publish the numbers of professionals seeking recognition of their qualifications from another part of the UK and/or overseas, where those qualifications were gained, and the outcomes. Publishing this information may require additional expertise in analysis and resources to quality assure outputs in addition to ensuring GDPR compliance. Once again, these costs are considered direct as they are unavoidable for regulators and will occur as soon as the legislation takes effect.

149. We asked 12 regulators, who regulate 92 professions in total, to provide an estimate of the transitional and ongoing annual costs to update their websites with the information described above, except for information relating to changes they cannot yet predict:
   a. where the power to make regulations adding a profession to the new recognition framework has been used, their obligations under those regulations, and how these obligations have been met; and
   b. the numbers of professionals seeking recognition of their qualifications gained from another part of the UK and/or overseas qualifications, where that qualification was gained, and the outcome.

150. We assume that the costs to regulators which regulate many professions will be higher than the costs to regulators who only regulate a single profession, since each profession’s information described above will need to be made public. We therefore calculate the costs to regulators of complying with the transparency requirement by estimating what the costs of complying are for a single profession and multiplying this by the number of professions regulated by the regulators in scope of the provisions.

151. Our high estimate assumes no professions currently provide the information that will be required. While we expect that this overestimates the number of professions which lack transparent information, we did not ask regulators to consider all elements of the transparency requirement and therefore we use a conservative estimate. Only 2 regulators, who regulate 17 professions (18% of the total number of professions in the survey sample), said they did not currently publish all the information that will be required. We apply this proportion to the total number of professions in scope of the provisions to estimate the low number of professions affected. The best estimate of professions affected is an average of the figures for the high estimate and the low estimate.

152. Only 2 regulators of those surveyed provided estimates of the transitional costs to meet the transparency requirement: £500 per profession, which we use as our low estimate, and £1,125 per profession, which we use as our high estimate. We use the average, £813, as our best estimate.
153. We multiply the number of professions we estimate will be impacted by the cost estimates above to estimate the total direct transitional costs to regulators treated as businesses and regulators treated as public sector.

Table 21: Direct transitional costs of establishing a transparency obligation to regulators treated as businesses

<table>
<thead>
<tr>
<th>Number of professions with regulators treated as businesses that need to provide information</th>
<th>Transitional costs per profession (2021 prices)</th>
<th>Total transition costs to comply (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td>(B)</td>
<td>(A*B) (direct)</td>
</tr>
<tr>
<td>Low</td>
<td>4</td>
<td>£500</td>
</tr>
<tr>
<td>Best estimate</td>
<td>12</td>
<td>£813</td>
</tr>
<tr>
<td>High</td>
<td>19</td>
<td>£1,125</td>
</tr>
</tbody>
</table>

Table 22: Direct transitional costs of establishing a transparency obligation to regulators treated as public sector

<table>
<thead>
<tr>
<th>Number of professions with regulators treated as public sector that need to provide information</th>
<th>Transitional costs per profession (2021 prices)</th>
<th>Total transition costs to comply (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td>(B)</td>
<td>(A*B) (direct)</td>
</tr>
<tr>
<td>Low</td>
<td>32</td>
<td>£500</td>
</tr>
<tr>
<td>Best estimate</td>
<td>104</td>
<td>£813</td>
</tr>
<tr>
<td>High</td>
<td>175</td>
<td>£1,125</td>
</tr>
</tbody>
</table>

154. The ongoing costs to business are calculated using numbers of professions presented above. Only 2 regulators of those surveyed provided estimates of the ongoing costs to meet the transparency requirement. The maximum ongoing cost estimate provided was £500 per profession per year, the lowest was no additional ongoing cost. We take the mean of £250 per profession per year as our best estimate. We multiply this by the estimated number of professions impacted to estimate the direct ongoing costs to regulators.

Table 23: Direct ongoing costs of complying with the transparency obligation to regulators treated as businesses

<table>
<thead>
<tr>
<th>Number of professions with regulators treated as businesses that need to provide information</th>
<th>Ongoing costs per profession per year (2021 prices)</th>
<th>Total ongoing costs to comply (2019 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td>(B)</td>
<td>(A*B)</td>
</tr>
</tbody>
</table>

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46 We count professions which are regulated separately across the home nations by different regulators as additional professions. Therefore, the total professions sum to a greater number than the quoted number of professions in scope of the provisions in this Bill.
<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>4</th>
<th>£0</th>
<th>£0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best estimate</td>
<td>12</td>
<td>£250</td>
<td>£2,737</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>19</td>
<td>£500</td>
<td>£9,043</td>
<td></td>
</tr>
</tbody>
</table>

**Table 24: Direct annual ongoing costs to regulators treated as public sector**

<table>
<thead>
<tr>
<th></th>
<th>Number of professions with regulators treated as public sector that need to provide information (A)</th>
<th>Ongoing costs per profession per year (2021 prices) (B)</th>
<th>Total ongoing costs to comply (2019 prices) (A*B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>32</td>
<td>£0</td>
<td>£0</td>
</tr>
<tr>
<td>Best estimate</td>
<td>104</td>
<td>£250</td>
<td>£24,630</td>
</tr>
<tr>
<td>High</td>
<td>175</td>
<td>£500</td>
<td>£83,291</td>
</tr>
</tbody>
</table>

**Benefits of the transparency requirement**

155. The transparency requirement could reduce barriers to entry into professions as prospective professionals may be better able to understand the process for entering and remaining in the profession, as well as qualification and recognition requirements. This may also result in time saved by professionals seeking to apply for qualification recognition and may potentially lead to an increase in foreign professionals seeking and achieving recognition. This benefit is seen as indirect because it requires a behavioural response from professionals to enter a given profession affected by the transparency requirement.

156. We estimate the number of professionals benefiting from these provisions by estimating the number of new entrants into the professions in scope who are likely to benefit from the provision. We calculate this by first estimating the aggregate number of new entrants in regulated professions using Annual Population Survey Data.

We then multiply this by an estimate of the approximate percentage of professions which do not already publish the required information, based on the information provided in the regulator returns. Only 2 regulators, who regulate 17 professions (18% of the total number of professions in the survey sample), said they did not currently publish all the information that will be required. We take this as our best estimate of the number of new entrants who will benefit from the provision. Our high and low estimates apply a +/-25% sensitivity to this.

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47 Derived from the Annual Population Survey 2019, which records respondents’ ‘Standard Occupational Classification’ (SOC) code, and a BEIS-internal mapping between SOC codes and generic professions as listed on the European Commission’s Regulated Professions Database.

48 This proportion functioned only as our low estimate earlier. This was due to additional requirements that we did not consult regulators about. These further requirements however would not improve access to information for UK-qualified professionals and so are not relevant in this instance, and we can use the proportion as our best estimate.
157. To account for the uncertainty over how much time this provision could save professionals, we have assumed conservative time saving scenarios of half an hour, three-quarters of an hour and one hour as our low, best and high estimates per professional. We monetise these benefits with the median hourly earnings of employees in the UK for 2019, which was £13.27. Table 23 presents the ongoing annual indirect benefits to professionals.

Table 25: Ongoing indirect benefits to professionals from time saved through better availability information on entering professions

<table>
<thead>
<tr>
<th></th>
<th>Estimated annual entrants in scope (A)</th>
<th>Time saved per new entrant</th>
<th>Value of time saved for a new entrant (B) (2019 prices)</th>
<th>Total annual benefit to professionals (A*B) (2019 prices) (indirect)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>67,599</td>
<td>Half an hour</td>
<td>£6.64</td>
<td>£448,519</td>
</tr>
<tr>
<td>Best estimate</td>
<td>90,132</td>
<td>Three-quarters of an hour</td>
<td>£9.95</td>
<td>£897,039</td>
</tr>
<tr>
<td>High</td>
<td>112,665</td>
<td>One hour</td>
<td>£13.27</td>
<td>£1,495,065</td>
</tr>
</tbody>
</table>

158. The following benefits are all indirect as they would only result from voluntary behaviour changes and we do not know to what extent this would occur. We have described them below rather than try to monetise or quantify them.

159. The requirements will capture alternative available routes into a profession, such as vocational schemes. This may lead to prospective professionals from more diverse backgrounds entering the profession. This may encourage greater social mobility into professions which offer such schemes.

160. It is possible that requiring regulators to display information on entry conditions and/or alternative pathways could assist the government and other stakeholders in identifying areas where corrective action is needed. It could help the government to build an evidence base for any future changes to the regulatory landscape.

161. Having information clearly available and understandable is important in ensuring that regulators are held to account in delivering their obligations as set out in the Bill.

Architects Registration Board

162. There are three clauses which relate specifically to architects’ sectoral legislation that will be on the face of the Professional Qualifications Bill and will directly amend the Architects Act 1997.

163. The first looks to introduce the ability for the Architects Registration Board (ARB) to prescribe compensatory measures alongside qualifications and experience for

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49 ONS, Annual Survey of Hours and Earnings, 'Low and high pay in the UK: 2019'
the purposes of recognition. These compensatory measures will allow the ARB to introduce a domain-specific examination element for overseas-qualified architects wishing to register in the UK. These compensatory measures will only be offered to applicants who have a prescribed qualification, as provided for under the current provision in Section 4(1)(a) of the Architects Act 1997. This will offer an expedited route to overseas-qualified architects who have qualifications which are deemed equivalent to UK qualifications, but provides for the ARB to ensure that applicants have the knowledge required to practise architecture in the UK. Applicants without a prescribed qualification will continue to use the existing Prescribed Examination route.

164. The impact of this provision will be on the ARB,\(^{50}\) who will determine how the compensatory measures will be administered. Any costs associated with the examination process will be carried by the applicant, on a cost-recovery basis. The Ministry of Housing, Communities and Local Government will oversee the administration of this process as part of their usual sponsorship arrangements of the ARB. There will be no significant impact on business.

165. The second and third provisions allow for the effective administration of this system. The second provision relates to the introduction of a Deputy Registrar function, which will allow the Board to delegate the responsibilities of the Registrar to another, existing, member of staff in order to provide business continuity if the Registrar takes leave or is unwell, or to manage periods of high demand. This will have a negligible impact to businesses, applicants and the ARB.

166. The final provision allows for any registrant to request to have their business address excluded from the published Register, where their business address is a residential address. This is to protect the privacy of registrants who wish to withhold their home address from publication. This will have a negligible impact on costs for all parties.

**Summary of impacts**

167. Most costs will fall to regulators, the majority of which are public sector organisations (40 out of 57 regulators directly impacted).

168. We have monetised the transitional and ongoing costs to regulators of the new recognition framework (including revoking the interim system, opening global routes, establishing an appeals process and sharing information with overseas regulators). Our best estimate of the total cost\(^{51}\) of these provisions over a ten-year appraisal period is £17.8 m, or an annualised £2.1 m per year. Of this, the total cost to business is £4.3 m over the appraisal period, including direct and indirect costs, or an annualised £0.5 m per year.

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\(^{50}\) Classified as a ‘Public Non-Financial Corporation’: ONS, [Public Sector Classification Guide](https://www.ons.gov.uk), accessed 07/04/2021.

\(^{51}\) In 2019 prices, including discounting to a 2020 present value base year with a discount rate of 3.5% as recommended in [HM Treasury’s Green Book](https://www.treasury.gov.uk/greenbook).
169. The estimated Equivalent Annual Net Direct Cost to Business (EANDCB) of the new recognition framework is c. £155,000 per year. This is a small proportion of the estimated total annualised costs because few regulators treated as businesses are directly impacted by the provisions, none of these regulate professions likely to be included in the new framework, and they have historically given a very low number of recognition decisions.

170. We have also monetised the costs to regulators of the transparency requirements and the requirements to share information with UK regulators. The total costs over the appraisal period are £0.3 m and £0.06 m, respectively. The estimated EANDCB of these provisions are c. £3,500 and c. £2,400, respectively.

171. It should be noted that most regulators are funded by fees and so may seek to recover any costs incurred through higher membership and application fees, thus passing these costs on to both UK professionals and overseas-qualified professionals seeking recognition. From our regulator engagement\(^52\), 9 out of 11 regulators responded that they would pass on these costs in the form of fees, and 7 out of 11 reported that they are entirely funded by professionals’ fees.

172. Some of the UK professionals who will incur the costs of increased fees will be self-employed\(^53\) and therefore qualify as businesses for the purposes of the Business Impact Target.

173. Other UK professionals who will incur costs through increased fees may have their fees covered by their employer. In our Call for Evidence, we asked two questions relating to this, with 128 respondents working in legally regulated professions (122 qualified in the UK, 6 qualified overseas). 35% indicated that their employer funded the cost of their initial registration (though we do not know if this would apply to any separate fees for qualification recognition). 34% indicated that their employer funds the annual costs of maintaining registration. It should be noted that our Call for Evidence respondents were heavily skewed towards certain professions.\(^54\)

174. Assuming, therefore, that 100% of the total costs to regulators (£18.2 m over the appraisal period) are passed through to professionals, and 35% of the increased costs to professionals will be passed through to employers, we estimate an increased cost to employers\(^55\) of £6.4 m over the appraisal period. We further

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\(^52\)One of the twelve regulators engaged did not respond to these questions.

\(^53\)For example, many regulated professions such as architects, lawyers and engineers are included in the Standard Industry Classification sector ‘Professional, scientific & technical activities’, which in 2019 had an average of 25% self-employment compared to the overall average of 15%. Source: ONS’ Labour Force Survey, Table EMP14: Employees and self-employed by industry

\(^54\)Out of 123 respondents qualified in the UK working in professions regulated by law to the question, “What regulated profession do you currently practice?”, the top three professions were Radiographer [36], Patent attorney [27], Trademark attorney [14].

\(^55\)Some share of this will fall to foreign-based firms, where they are employing overseas-qualified professionals who are providing services to the UK, either remotely or in person, e.g., cross-border or frontier services. We do not attempt to estimate this proportion.
estimate that 58% of UK regulated professionals are likely to be employed by public sector organisations (such as hospitals and schools).\textsuperscript{56,57} Overall, this suggests that there could be further costs to employers treated as businesses of £2.7 m, or an annualised £0.3 m per year. We assess these costs as indirect following RPC guidance on ‘pass-through’ impacts.\textsuperscript{58}

175. International professionals seeking recognition and professionals in professions regulated separately across the UK will be indirectly affected to the extent that they are more or less easily able to apply for and achieve recognition to practise their profession across the UK. This may vary from profession to profession.

176. Businesses and consumers of regulated professions will likewise be indirectly affected to the extent that changes in recognition of professionals leads to changes in prices, availability of regulated services and quality/range of services available to them, which may also vary depending on the specifics of each profession. Individuals seeking to becoming qualified in the UK will indirectly benefit from the increased transparency provisions.

\textsuperscript{56} Derived from the \textit{Annual Population Survey} 2019, which records respondents’ ‘Standard Occupational Classification’ (SOC) code, and a BEIS-internal mapping between SOC codes and generic professions as listed on the European Commission’s Regulated Professions Database.

\textsuperscript{57} It does not necessarily follow that professionals regulated by a public sector regulator will be employed by a public sector organisation (for example, pilots are regulated by the public sector Civil Aviation Authority but employed by airlines).

\textsuperscript{58} “If a mechanism exists that enables some or all of this burden to be passed on to other businesses and/or consumers, this subsequent effect is generally regarded as being indirect for the purposes of the BIT. Such ‘pass-through’ should be excluded from the calculation of the EANDB.” Source: \textit{RPC case histories - direct and indirect impacts, March 2019}
Table 26: Summary of direct monetised costs (best estimates, 2019 prices, not discounted)

<table>
<thead>
<tr>
<th>Provision</th>
<th>Stakeholder</th>
<th>2022(^{59})</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
</tr>
</thead>
<tbody>
<tr>
<td>New recognition framework(^{60})</td>
<td>Businesses</td>
<td>£1.0 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
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</tr>
<tr>
<td></td>
<td>Public sector</td>
<td>£4.6 m</td>
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<td>£1.0 m</td>
<td>£1.0 m</td>
<td>£1.0 m</td>
<td>£1.0 m</td>
<td>£1.0 m</td>
<td>£1.0 m</td>
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<tr>
<td>Route of appeal</td>
<td>Businesses</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public sector</td>
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<td>£0.2 m</td>
<td>£0.2 m</td>
<td>£0.2 m</td>
<td>£0.2 m</td>
<td>£0.2 m</td>
<td>£0.2 m</td>
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<tr>
<td>Overseas information sharing requirement</td>
<td>Businesses</td>
<td>£0.05 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
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<tr>
<td></td>
<td>Public sector</td>
<td>£0.1 m</td>
<td>£0.06 m</td>
<td>£0.06 m</td>
<td>£0.06 m</td>
<td>£0.06 m</td>
<td>£0.06 m</td>
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<td>£0.06 m</td>
<td>£0.06 m</td>
</tr>
<tr>
<td>UK information sharing requirement</td>
<td>Businesses</td>
<td>£0.01 m</td>
<td>£0.001 m</td>
<td>£0.001 m</td>
<td>£0.001 m</td>
<td>£0.001 m</td>
<td>£0.001 m</td>
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</tr>
<tr>
<td></td>
<td>Public sector</td>
<td>£0.02 m</td>
<td>£0.003 m</td>
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<tr>
<td>Information transparency</td>
<td>Businesses</td>
<td>£0.01 m</td>
<td>£0.003 m</td>
<td>£0.003 m</td>
<td>£0.003 m</td>
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<td>£0.003 m</td>
<td>£0.003 m</td>
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<td>£0.003 m</td>
<td>£0.003 m</td>
</tr>
<tr>
<td></td>
<td>Public sector</td>
<td>£0.1 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
<td>£0.02 m</td>
</tr>
<tr>
<td>Total</td>
<td>Businesses</td>
<td>£1.1 m</td>
<td>£0.05 m</td>
<td>£0.05 m</td>
<td>£0.05 m</td>
<td>£0.05 m</td>
<td>£0.05 m</td>
<td>£0.05 m</td>
<td>£0.05 m</td>
<td>£0.05 m</td>
<td>£0.05 m</td>
</tr>
<tr>
<td></td>
<td>Public sector</td>
<td>£5.2 m</td>
<td>£1.3 m</td>
<td>£1.3 m</td>
<td>£1.3 m</td>
<td>£1.3 m</td>
<td>£1.3 m</td>
<td>£1.3 m</td>
<td>£1.3 m</td>
<td>£1.3 m</td>
<td>£1.3 m</td>
</tr>
</tbody>
</table>

\(^{59}\) This includes all transitional costs.

\(^{60}\) This includes the costs of revoking the interim system and the costs of opening routes under the new recognition framework.
Impact on small and micro businesses

177. The obligations in this Bill will fall on regulators of professions regulated by legislation. These organisations range in size, as do the professions they regulate.

178. We follow the RPC’s definition of small businesses as those employing fewer than 50 people, and micro businesses as those employing fewer than 10 people.\(^6\)

179. We engaged 12 regulators, of whom 3 reported that they had fewer than 50 employees, so we assume that 25% of regulators would count as small/micro organisations. For 17 regulators within scope of our provisions it is unclear if they are acting on behalf of a public sector authority and so we are treating them as businesses for the purposes of the Business Impact Target. We therefore estimate that a total of 4 small and micro businesses (SMBs) will be directly impacted.

180. The impacts on each regulator will be small, and generally scale with the size of the profession, and so the smallest regulators are unlikely to experience significant impacts. In addition, most regulators may recover costs through increasing fees, except those few that are restricted from doing so. We therefore do not believe any mitigation is necessary to reduce the burden on smaller regulators.

Summary of the potential trade implications of measure

Recognition of overseas qualifications

181. We have worked closely with the Department for International Trade (DIT) in the development of the approach set out for the recognition of overseas qualifications to ensure that the approach compliments the government’s trade agenda. This includes, for example, ensuring that the provisions are consistent with our obligations under WTO rules and ongoing trade negotiations.

Regulator and international recognition agreements

182. These powers will support the UK’s trade agenda and the UK’s services trade exports in general. These powers will facilitate the implementation of international agreements by the UK government and the devolved administrations (although they will have no effect on what is negotiated) and will enable regulators to negotiate mutual recognition agreements with their international counterparts where they choose to do so.

183. Without these powers, there is a risk that the government cannot implement the terms of either RPQ elements of international agreements, or that regulators are not able to agree reciprocal recognition arrangements with international counterparts where it is in their interests. Enabling regulators to make international arrangements regarding RPQ helps to facilitate the provision of services

\(^6\) RPC’s guidance on Small and Micro Business assessments, August 2019
internationally by UK professionals, and can increase the value of UK qualifications abroad.

**Supporting information sharing between regulators in the UK**

184. The domestic information-sharing provision in this Bill ensures regulators in the UK have the necessary information relating to an individual’s entitlement to practise. This primarily relates to facilitating sharing of information about professionals qualified and practising in the UK, so it is unlikely to have an impact on the UK’s trade agenda.

**Information transparency**

185. The provisions in this Bill will increase transparency around the recognition of overseas qualifications; thereby having a positive impact on the government’s international trade agenda. For example, increasing the level of information on UK qualifications will support the awareness and comparability of UK qualifications by international regulators. It may also assist in attracting and retaining talent, and investment, in the UK.

**Monitoring and Evaluation**

186. Data collection will include the number of professionals seeking recognition, the outcomes of the decisions, recognition routes being secured, and the number of UK regulators publishing information on professional qualifications as well as the extent and coverage of the information being published. Where possible, there will be sectoral, regional, and demographic monitoring and reporting of the outlined areas.

187. There are some data limitations which will make evaluating the policy impact difficult. This is because with the UK’s departure from the European Union, the European Commission database which reports recognition decisions for each country will no longer record decisions for UK professionals.

188. We would therefore have to either collect new data or develop proxies for some of the information needed to assess the policy impact. One of the ways that we will mitigate this is through the powers in the Bill which obligate regulators to publish recognition decision numbers on their websites. However, at present very few regulators provide this information for non-EEA/Swiss recognition decisions and so there will be limited data to establish a counterfactual of historic rates against which we could compare.