

Regulator Assessment: Qualifying Regulatory Provisions

Title of proposal	Monitoring Marine Licensing Returns
Lead Regulator	Marine Management Organisation
Contact for enquiries	Andrew Kerrigan Tel: 020 8026 5094 Email: Andrew.Kerrigan@Marinemanagement.org.uk

Date of assessment	March 2017
Commencement date	2015
Origin	Domestic
Does this include implementation of a Cutting Red Tape review?	No
Which areas of the UK will be affected?	The English marine area.

Brief outline of proposed new or amended regulatory activity

Each year the MMO issues around 400-500 marine licences and almost all licences will include a requirement on the licence holder to submit a licence return to the MMO. Some returns are simple notifications, such as the start of works, however around 25% of licences determined require the licence holder to submit information to the MMO to review, for example a disposal quantity return or monitoring reports. Licence returns are legally binding and failure to comply can result in prosecution

Previously, when a licence holder was required to submit a return to the MMO, they would need manage this process themselves and ensure that their return was submitted to the MMO either by email or post and on time. Sometimes returns would be sent to the business address, or alternatively to a named contact within the marine licensing team. Licences can last several years and possibly decades, meaning that named staff may no longer work in their original role.

Upon receiving the return, the MMOs Marine Licensing team would manually identify the appropriate case officer to handle the return and that individual would manually review and assess the return. Once complete the appropriate information would be manually added to the case file to ensure there was a record of compliance.

The digital change implemented, introduced a returns management function into the online case management system, which the licence holder can access through their account to manage all their returns required, and to allow the marine licence team to monitor the licence and returns. The function is based on the licencing post-consent workflow and includes communication tools, payment tracking, document upload and calendar functions to help the licence holder and relevant individuals manage the licence returns. Paper based returns for disposal to sea were

digitised to allow licence holders to enter data directly into the system. And once licence returns were approved and closed by the marine licensing teams, they are published on the public register.

This change was a significant improvement to help licence holders, regulators and the public monitor licence returns and avoid non-compliance. Also administrative savings will result from removal of significant inefficiencies.

Which type of business will be affected? How many are estimated to be affected?

There are more than 4,500 users of the MMO's online system representing around 1,400 organisations or individuals from the Energy, Aggregates, Cables, Coastal Development, Ports, Marinas and Recreation sectors. Annually around 400-500 marine licences are issued and around 100 licences include conditions that require the licence holder to return information to the MMO's marine licensing team.

This change will affect all licence holders who are required to submit a licence return to the MMO.

Summary of costs and benefits

Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2015	2015	10	0.32	0.32	0.0	0.0

Please set out the impact to business clearly with a breakdown of costs and benefits

Benefits

- Licence fee saving

Assumption 1- *Because the number of cases which require post-consent effort vary between years, case figures from 2015 have been used to illustrate the savings.*

Before this change was implemented, in 2014, as set out previously the marine licensing team managed the process of licence returns outside of the Marine Case Management System. This involved handling and assessing notifications and reports offline and uploading them to the online case management system following submission from the Licence holder. Data from the MMOs time recording database indicates that on average 34 hours of time has been saved on each case between 2014 and 2016.

- Average number of MMO hours needed in 2014 to assess post-consent returns = 34 hours
- Number of cases requiring post-consent effort (2015 data) = 104
- Licence holder fee = £94/hour

Over a 10 year period under the old model, this means that the cost to a Licence holder for the MMO to assess post-consent returns is estimated at:

34 hours X 104 cases X £94/hour X 10 years = £3,323,840
(Equivalent to £332,384 of fees paid each year).

After these changes were implemented, the process for the MMO to manage post-consent returns was streamlined.

- Average number of MMO hours needed in 2016 to assess post-consent returns = 31 hours
- Number of cases requiring post-consent effort (2015 data) = 104
- Licence holder fee = £94/hour

Over a 10 year period under the new model, this means that the average cost to a Licence holder for the MMO to assess post-consent returns is estimated at:

31 hours X 104 cases X £94/hour X 10 years = £3,030,560
(Equivalent to £303,056 of fees paid each year).

Fees saving: £293,280 over 10 years
(Equivalent to savings of **£29,328** in fees paid each year)

- Administration saving from reduced Licence holder effort

Assumption 1 – *Because the number of cases which require post-consent effort vary between years, case figures from 2015 have been used to illustrate the savings.*

Assumption 2 – The value of 1 hour of a Licence holder's time is **£23.30** (this has been calculated using the Office for National Statistics 'Annual Survey of Hours and Earnings'- (<http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2014-revised-results/index.html>) estimate of the wages of an average applicant, plus an estimated 'non-wage labour cost' of 16.5%)
http://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly_labour_costs.

Assumption 3 – Reliable data for the amount of time spent by a Licence holder managing their post-consent returns offline is not available. Anecdotal information suggests that the introduction of this change is likely to introduce significant savings for applicants. In the absence of reliable data it is estimated that applicants save three hours per return following the change.

Before this change the Licence holder was required to ensure they submitted their returns on time by manually checking the dates on their licence, preparing reports and documents for manual submission, notifying the licensing team of submission, and managing any further feedback and requests offline.

After this change, much of the management of post-consent returns is achieved by the MMOs Marine Case Management System, meaning that Licence holders simply log into their accounts to easily see what information needs to be submitted and by when. Reports and responses can be uploaded into their account and MMO officers are notified automatically. Any correspondence related to the return is managed through the online system and the Licence holder will receive email notifications (some of which require their action) at the appropriate time.

- Estimated number of applicant hours saved in 2016 when managing post-consent returns = 3 hours
- Number of cases requiring post-consent effort (2015 data) = 104
- Cost of Licence holder's time = £23.30/hour

Over a 10 year period under the new model, this means that the cost to a Licence holder's time to manage post-consent returns is estimated at:

3 hours X 104 cases X £23.30/hour X 10 years = £72,696
(Equivalent to savings of **£7,269.60** in costs to Licence holders per year)

Costs

Familiarisation cost – It is not possible to disaggregate the familiarisation costs from the data available. However, the data for 2015 from the MMOs time recording database suggested that average number of hours to manage post consent returns was 30 (an hour better than the 2016 data used).

Because the sample of cases which this change impacts is small, the 2016 hourly data has been used to illustrate the savings because it is believed that they better reflect the familiarisation costs and therefore genuine savings for this change.

Transitional costs (e.g. changes to systems, training) – Training was not provided to Licence holders, however all Licence holders were notified of the changes. The hourly

effort used to read this notification is negligible and any transitional costs can be assumed to be included within the hourly figures used in the calculations above.

Difference

Annual Benefits

Licence fees saving = £29,328

Administration saving from reduced application effort = £7,269.60

Total Benefits = £36,597.60

Annual Costs

Familiarisation Costs = £0

Transitional Costs = £0

Total Costs = £0

Net Annual Savings to Business = £36,597.60

Please provide any additional information (if required) that may assist the RPC to validate the BIT Score