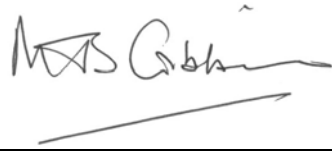
 Regulatory Policy Committee	OPINION	
Impact Assessment (IA)	Spectrum management (Communications review)	
Lead Department/Agency	Department for Culture, Media and Sport	
Stage	Consultation	
Origin	Domestic	
IA Number	DCMS070	
Date submitted to RPC	9/4/2013	
RPC Opinion date and reference	1/5/2013	RPC13-DCMS-1753
Overall Assessment	AMBER	
<p>The IA is fit for purpose. However, the IA should explain more clearly how the estimated benefits to business have been derived and why the expected behaviour changes would be a reasonable response to the proposals.</p>		
<p>Identification of costs and benefits, and the impacts on small firms, public and third sector organisations, individuals and community groups and reflection of these in the choice of options</p>		
<p><i>Costs and benefits to business.</i> The IA says that “<i>utilising the illustrative examples of the measure proposed the equivalent annual net cost to business is -£23.08m</i>” (page 12). It is, however, not immediately clear how this figure has been reached. The component elements of this estimate should be more clearly explained and justified in the IA so that they can be tested effectively through consultation. The consultation should also be used to develop estimated costs for creating dynamic spectrum access databases to enable a robust estimate of the net impact on business of the proposals.</p>		
<p><i>Incentive auctions and behaviour change.</i> The IA says that companies can “<i>already sell [spectrum] directly to another party but rarely do</i>” yet “<i>Licenseses ... have little incentive to surrender all or part of the spectrum on which they may no longer place any significant value</i>”. In light of the current market failure, the IA should explain in more detail how the proposed measures are likely to provide sufficient incentive to release spectrum in comparison to the counterfactual.</p>		
<p><i>Options.</i> The IA should explain whether the individual proposals which make up the preferred option could be taken forward independently of one another, or represent an interdependent single option.</p>		
<p>Have the necessary burden reductions required by One-in, Two-out been identified and are they robust?</p>		
<p>The IA says the proposal is a deregulatory measure that has a direct benefit to business (an OUT). On the basis of the evidence provided, this appears to be a reasonable assessment of the likely direction of impacts and is consistent with the Better Regulation Framework Manual (paragraph 2.9.11.). The evidence and analysis supporting the estimated equivalent annual net cost to business (EANCB) will have to be strengthened during consultation so that it can be validated at final stage. In</p>		

particular, the IA will have to demonstrate more clearly how the benefits have been estimated, which impacts should be considered to be 'direct', and how these relate to the other proposals contained in the communications review.

Signed

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal line extending to the right below the name.

Michael Gibbons, Chairman