 <b>Regulatory Policy Committee</b>	<b>Opinion</b>	
<b>Impact Assessment (IA)</b>	Increase in fees covering marine surveys; registration, transfer and mortgage of fishing vessels (RSS); and seaman training and certification (STC)	
<b>Lead Department/Agency</b>	Department for Transport	
<b>Stage</b>	Consultation	
<b>IA Number</b>	DFT00275	
<b>Origin</b>	Domestic	
<b>Expected date of implementation</b>	SNR 8	
<b>Date submitted to RPC</b>	17 March 2014	
<b>RPC Opinion date and reference</b>	30 April 2014	RPC14-DFT-2056
<b>Overall Assessment</b>	<b>GREEN</b>	
<p><b>RPC comments</b></p> <p>The IA is fit for purpose. The IA has set out in detail the rationale for intervention, and the costs and benefits of the proposal to increase various fees charged by the Maritime and Coastguard Agency (MCA). Even though these increases are out of scope of ‘One-in, Two-out’, the assessment of the impact on business (reflected in an initial estimate EANCB of £3.08 million) appears to be robust. The small and micro business assessment is sufficient.</p>		
<p><b>Background (extracts from IA)</b></p> <p><b>What is the problem under consideration? Why is government intervention necessary?</b></p> <p><i>“The services covered in the impact assessment (such as surveys, certificates and other documents) are pivotal to maritime safety, helping to prevent loss of life and pollution incidents at sea. Since 2006 the Maritime and Coastguard Agency (MCA) has absorbed increases in all the costs of providing these services without increase fees. This has been achieved through cost savings, but is no longer considered possible and without an increase in fees cost recovery will not occur – leading to a government subsidy – or service levels will suffer. Fees are set in secondary legislation and, therefore, government intervention is required to increase them to allow full cost recovery.”</i></p> <p><b>What are the policy objectives and the intended effects?</b></p> <p><i>“To ensure MCA moves to full cost recovery as soon as possible in line with the principles of ‘Managing Public Money’.</i></p> <p><i>To prevent a reduction in quality of the service that the MCA offers.”</i></p> <p><b>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)</b></p> <p><i>“Option 0: (Do nothing scenario) Fees stay the same and the MCA is unable to continue to maintain adequate levels of customer service without government</i></p>		

subsidy.

*Option 1: An increase in fees covering three areas: marine surveys; registration, transfer and mortgage of fishing vessels (RSS); and seaman training and certification (STC examinations) by 57%, 17% and 20% respectively. This option will allow for full cost recovery from providing services and prevent a reduction in the quality of service.”*

**Identification of costs and benefits, and the impacts on business, civil society organisations, the public sector and individuals, and reflection of these in the choice of options**

The Department is proposing to increase fees for three services provided by the Maritime and Coastguard Agency (MCA): (i) Marine surveys. (ii) Registration, transfer and mortgage of fishing vessels. (iii) Seaman, training and certification examinations. It is consulting on proposals to increase fees by 57%, 17% and 20% respectively. This will enable the MCA to move to full costs recovery and make up the shortfall between income and costs for the services provided. In most cases the fees paid for the MCA surveys forms only a small part of the cost of owning or operating vessels.

The IA is a well presented document and has set out in detail the rationale, costs and benefits of the proposals. Although out of scope, the assessment of the impact on business (reflected in an initial estimate for the EANCB of £3.08 million) appears to be robust.

**Comments on the robustness of the Small & Micro Business Assessment (SaMBA)**

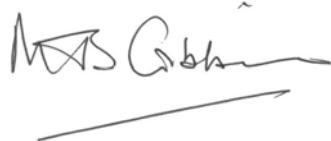
The proposals increase the scope of regulation on business and a SaMBA analysis has been carried out.

The SaMBA is sufficient. The Department does not consider it appropriate to exempt or charge different fees by size of business for small and micro business because it considers in most cases the fees paid for MCA ship surveys form only a small part of the cost of owning or operating a vessel. The Department argues that the services covered in the IA are critical to maintaining safety and preventing environmental incidents.

**Comments on the robustness of the OITO assessment**

The IA says “*The proposals alter the amount of fees, but do not change the level of regulation and as such are out of scope of OITO*” (section 9). Based on the evidence presented, this appears to be a reasonable assessment and is consistent with paragraph 1.9.8 vii of the Better Regulation Framework Manual (July 2013).

**Signed**



**Michael Gibbons, Chairman**