	Opinion	
Impact Assessment (IA)	Public Bodies Reform Bill – marine management organisations	
Lead Department/Agency	Department for Environment, Food and Rural Affairs	
Stage	Final	
IA number	Defra 1428	
Origin	Domestic	
Expected date of implementation (and SNR number)	SNR7	
Date submitted to RPC	26/11/2013	
RPC Opinion date and reference	24/12/2013	RPC13-Defra-1197(2)
Overall Assessment	GREEN	
<p>RPC comments</p> <p>The IA is fit for purpose. The IA explains clearly why the proposed changes should be considered as fees and charges without an expansion or reduction in regulatory activity for One-in, Two-out purposes. The IA is also clear on why any potential familiarisation costs are likely to be close to zero or form part of existing processes.</p>		
<p>Background (extracts from IA)</p> <p>What is the problem under consideration? Why is government intervention necessary?</p> <p><i>The Marine and Coastal Access Act 2009 (MCAA) provided for a new streamlined licensing system for most developments at sea that will reduce the regulatory burden on business. However, an unintended consequence of the 2009 Act was that the charging powers were not as extensive as under the licensing system it replaced - Part 2 of the Food and Environment Protection Act (FEPA) 1985. FEPA allowed for the recovery of the costs of varying licences and of post-licence monitoring which the MCAA does not. Government intervention is needed to avoid the taxpayer subsidising this.</i></p> <p>What are the policy objectives and the intended effects?</p> <p><i>The Government's objective is that those who benefit from obtaining a marine licence should bear the full cost of varying the content of the licence or the cost of monitoring work required of the Marine Management Organisation (MMO). The Government also supports MMO's aim of granting longer licences, which provides more certainty for business and avoids the cost and effort for business of having to apply for an entirely new licence every time a change is required. The power to charge for variation supports this policy aim. The effects of the Order will be reviewed at least insofar as the MMO will keep on reviewing the level of its fees and charges.</i></p>		
<p>Comments on the robustness of the OITO assessment</p>		

The IA says that the proposal will result in changes to fees and charges to enable full cost recovery of existing regulatory activity. As such the IA says the costs should be considered as out of scope of One-in, Two-out. This is a reasonable assessment and is consistent with current One-in, Two-out Methodology (paragraph 1.9.8 vii of the Better Regulation Framework Manual (BRFM)).

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

The proposals regulate business and are intended to come into force after 1 April 2014 and therefore the SMBA is applicable.

The SaMBA is sufficient for what is a change in fees and charges related to regulatory enforcement. A significant proportion of the impacts of the proposal, that relating to dredging disposal monitoring costs, apply to businesses in “*the major ports*” which are not small or micro businesses. Also, the proposed fee ceilings for simple variations should benefit small and micro businesses as these types of organisation are more likely to undertake simple variations.

Quality of the analysis and evidence presented in the IA

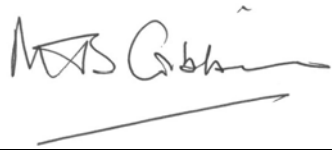
The proposal will ensure that the MMO can recover the costs for varying licences, monitoring licence requirements and monitoring of dredging disposal sites.

Variations to licences can range from simple changes of vessel name to extensive licence amendments requiring expert consultation, for example where they relate to nationally significant infrastructure projects. The fee charged will be based on the work undertaken in each case. The inclusion of a fee cap for simpler variations will potentially restrict the ability to achieve full cost recovery but will mitigate any potential impacts on smaller businesses and provide incentives for the MMO to operate efficiently. On the basis of past volumes, around 37 uncapped/complex variations and 364 simple/capped variations per year, these changes are estimated to have an equivalent annual net cost to business £0.23 million.

The monitoring of dredging disposal sites fees will be calculated on the volume of material disposed, with the fee capped at £15,000 per year. There are 144 sites licensed for disposal, with data from 2000 – 2011 suggesting that on average 105 were used each year to dispose of material. On the basis of these volumes, and the fee cap, this element of the proposal is estimated to have an equivalent annual net cost to business £0.23 million. Overall the proposal is estimated to have an equivalent annual net cost to business of £0.46 million.

Alternatives to charging for variations. The IA says that without the ability to charge for variations the MMO would be likely to start viewing complex variations, and potentially others, as requiring a new licence application. The IA would be improved if it included some information on the potential costs to business of this approach. This would help provide additional context for the proposed fee increases in comparison to the baseline/do-nothing option.

Signed

A handwritten signature in black ink, appearing to read "Michael Gibbons". The signature is written in a cursive style with a long horizontal stroke at the end. Below the signature is a long, thin horizontal line.

Michael Gibbons, Chairman