

Title: Digital Economy Bill - Overarching Impact Assessment IA No: RPC Reference No: Lead department or agency: Department for Culture, Media and Sport Other departments or agencies: Cabinet Office, Intellectual Property Office, Home Office, Department of Business, Energy and Industrial Strategy, HM Treasury, Department for Education, Department for Communities and Local Government, Ofcom and BBC	Impact Assessment (IA)			
	Date: 18/11/2016			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Primary legislation			
Contact for enquiries: digitaleconomybill@culture.gov.uk				
Summary: Intervention and Options				RPC Opinion: Not Applicable

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB in 2014 prices)	One-In, Three-Out	Business Impact Target Status
na	na	na	Not in scope	Qualifying provision

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

The government wants to modernise our climate for enterprise, making sure Britain remains at the forefront of the global 21st century economy so that our businesses continue to create jobs and our families remain financially secure. The government seeks to achieve this by enabling access to fast digital services, facilitating investment in better digital infrastructure, creating new protections for children, consumers and businesses and supporting the digital transformation of government.

What are the policy objectives and the intended effects?

To be the most digital nation in the world – a place where technology transforms the economy, society and government. This bill will enable access to fast digital services, facilitate investment in better and more widespread digital infrastructure, create new protections for children and consumers, support the digital transformation of government and ensure Ofcom is an independent and confident regulator with the right powers.

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

Option 1: Do nothing

Option 2: Introduce the Digital Economy Bill that will have a considerable impact on the digital economy and services

Does implementation go beyond minimum EU requirements?			N/A			
Are any of these organisations in scope?			Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded:		Non-traded:	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister : _____ **Date:** 25 / 11/2016

Background:

Firstly, the Bill will enable access to fast digital services. There will be a new legal right for everyone to request an affordable connection to broadband of a minimum specified speed (at least 10Mbps), from a designated provider, which will then be obliged to fulfil that request provided that it is reasonable. Consumers and businesses will be able to access better information about digital services, switch provider more easily and be automatically compensated when things go wrong. As well as enhancing Ofcom's powers to deliver these improvements, Ofcom will become fully industry funded, allowing greater flexibility and independence and to ensure that its board reflects the whole of Great Britain and Northern Ireland. The Bill will also reform the system of appeals against Ofcom's decisions to enable faster and more effective regulation to the benefit of consumers.

Secondly, the Bill will enable investment in better digital infrastructure. Communication providers will be able to acquire land for less cost with reforms to the Electronic Communications Code and that should support the accelerated rollout of new infrastructure resulting in better coverage and speed in digital services. The Bill will also remove the sun setting provision which applies to regulations imposing conditions and restrictions on Code operators, which will enable the relaxations for overhead lines, poles and cabinets introduced in 2013 for 5 years to become permanent. Radio spectrum, a finite resource, will be used more efficiently with measures to manage better the use of "white space" and enhanced powers for Ofcom to deliver better spectrum management and enforcement.

Thirdly, the Bill will create new protections for children, consumers and businesses in the emerging digital world. Persons making pornographic material available on the internet on a commercial basis must ensure that such content is behind adequate age verification controls. The age verification regulator will have the power to give notice of a contravention to payment service providers (which could result in payment service providers declining to facilitate transactions to which the person in contravention is party) as well as to give notice to internet service providers to block websites. Financial penalties for non-compliant websites will also be available. There will be a new statutory code of practice for direct marketing, which will enable the Information Commissioner to take more effective action against nuisance callers. Designers will be given a new way of giving the public notice of their intellectual property rights with a web address. Those who breach online copyright will now face the same sanction as those who breach offline copyright. Websites will also no longer be able to profit from reusing the content from our public service broadcasters without establishing proper contractual arrangements with rights holders.

Fourthly, the Bill contains a suite of measures that support the digital transformation of government, enabling the delivery of better public services, world-leading research and better statistics. Measures will provide new powers for public authorities to share information to combat fraud against the public sector. Public authorities will be empowered to cut the billions of overdue debts owed to government by allowing early identification of and help for people with debts spread over a number of public agencies. The UK Statistics Authority will be given easier secure access to data to produce more timely and accurate national and official statistics. Researchers will be provided with a more complete and accurate evidence base to inform

analysis and enable better policy design and delivery. Safeguards to ensure personal data is protected will be enhanced with codes of practice and new offences for unlawful disclosure.

In addition to these four key areas, the Bill will amend Ofcom’s powers to regulate the BBC following the decision to remove the regulatory function of the BBC Trust as set out in the BBC white paper published in May 2016. The Bill will also transfer to the BBC responsibility for the full cost of the ‘over-75s’ television licence concession as well as responsibility for setting the ‘over-75s’ concession policy from 2020. The Bill will also allow HM Treasury to apply the existing settlement finality regime to non-bank payment service providers and to recognise non-bank payment systems for Bank of England supervision. These changes will support efforts to broaden access to payment systems, creating a level playing field for innovative non-bank payment firms and encouraging competition in the payments market.

Measures and Rationale

The specific measures in the Bill on these themes and the rationale for each measure are outlined below.

Summary of Changes

Part 1 - Access to Digital Services

	Measure	Rationale
1A	Broadband Universal Service Obligation	A broadband Universal Service Obligation would give both residential and business users a legal right to request and receive an affordable connection to broadband of a minimum speed, from a designated provider or providers, no matter where they live or work in the UK, subject to a reasonable cost threshold. This reflects that broadband is increasingly seen as an essential service, putting it on a more similar footing to services like electricity and water.
1B	Switching communications provider	Since June 2015 Ofcom has successfully implemented gaining provider-led switching across the Openreach network. This means that customers wishing to change their fixed voice and/or broadband service provider only need to contact their new provider. No longer do customers also have to contact their existing provider to obtain an authorisation code that they must then give their new provider. The government supports this model and wishes to see them extended quickly to other electronic communication services. To ensure that Ofcom is able to achieve these reforms in a timely manner, the Bill will ensure that communication providers comply with switching conditions.

1C	Automatic Compensation	Delays in connection and re-connection of electronic communication services can be inconvenient and unless the consumer actively complains there is little incentive for the provider to improve quality of service. The government wishes to see a similar scheme set up to those that already exist for utilities, for those who have their communication services disrupted. The Bill will ensure that Ofcom's existing powers are reinforced to ensure the regulator takes swift action.
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Part 2 - Digital Infrastructure

	Measure	Rationale
2A	Electronic Communications Code	To reform the Code to make it fit-for-purpose as a framework that supports the rollout of modern communications technology. Reforming the valuation model for land rights will lower the cost of infrastructure rollout, incentivising investment and improving connectivity for businesses and consumers. This will be supported by adding clarity and certainty to all parts of the Code, ensuring the market can operate efficiently for all parties and that agreements can be more effectively facilitated, achieved and regulated.
2B	Broadband Planning	The Communications Act 2003 contains a sunset provision, which means that the relaxed notification provisions that apply to the installation of fixed broadband infrastructure in the Electronic Communications Code Regulations made under that act cease to have effect on 6 April 2018. Government understands that these changes, together with complementary changes to the planning framework, have proved successful in speeding up the process of superfast broadband rollout and reducing the costs of deployment for communications providers. Given the success of the reforms in reducing costs, it is possible that making permanent the current requirements could encourage further investment, thereby helping to meet the government's objective to extend superfast broadband coverage to 95% of homes and businesses in the UK by the end of 2017. The government therefore wants to remove the sunset requirement.
2C	Licence Dynamic Spectrum Access Databases	Dynamic Spectrum Access (DSA) makes spectrum available to other users when it is unused by the primary user (the licence holder), increasing the efficient use of spectrum. DSA databases, which are integral to making this process work, aim to provide real time information on the available unused spectrum (known as "white space") at any specific time and location. In order to avoid interference to primary users, DSA databases must comply with specific requirements set by Ofcom.

		<p>Ofcom currently manages this by entering into a contract with each DSA database provider. This approach means that, what is essentially a set of regulatory requirements is managed and enforced through a commercial contract. This is seen as cumbersome and inefficient and lacks the statutory sanctions which are used by Ofcom to prevent interference to spectrum licence holders. This will particularly become an issue as more opportunities for dynamic spectrum access become available and more companies enter the market.</p>
2D	Wireless Telegraphy Act enforcement	<p>The Wireless Telegraphy Act 2006 (WTA) sets out the terms and conditions by which providers of communication services must oblige. Ofcom is the national regulator for the communications sector, and is responsible for enforcement of the WTA.</p> <p>Currently, where there is a contravention of a provision, term or limitation of a WTA spectrum licence, Ofcom can revoke (or vary) the licence or prosecute. In limited circumstances, Ofcom may impose a financial penalty. The government's view is that the current enforcement powers available to Ofcom in relation to such a contravention are not necessarily proportionate or sufficiently flexible in all cases. For example, spectrum licences granted to mobile network operators contain requirements to achieve certain rates of coverage, such as the term in the 900 MHz and 1800 MHz licences requiring 90% coverage of the United Kingdom's landmass by the end of 2017. If these requirements are not met Ofcom's only available sanction is to revoke the licence. The Bill will provide Ofcom with powers to issue financial penalties if matters such as coverage requirements are not satisfied.</p> <p>There are additional reforms to WTA enforcement that the government believes are necessary. The retention of storage of seized property places an unnecessary, and disproportionate burden on Ofcom to retain seized property for an extended period of time, resulting in costs to Ofcom. The Bill will reduce the retention period.</p> <p>The time limitation for bringing proceedings under the WTA is hampering Ofcom's ability to build an effective case. It also creates an inconsistency with other pieces of legislation under which Ofcom can bring similar proceedings. The Bill will increase the time limit.</p>

Part 3 – Online Pornography

	Measure	Rationale
3A	Age Verification for online pornography	<p>One in ten UK visitors to adult websites in May 2015 were children. Children viewing online pornography can be viewed as a demerit good. Evidence suggests that accessing pornography can be detrimental to children’s development and children are likely to be not sufficiently informed to make optimal consumption decisions.</p> <p>Government intends to prevent the potential harms to children from accessing pornographic content online by ensuring that commercial providers of pornography, should have age verification controls in place where it is accessed online in the UK. The intended effect of government intervention is to introduce requirements that enable a regulator to list the key non-compliant sites and apps and to change behaviour by non-compliant businesses by disrupting their income streams through the collaboration with payment providers. Thus nudging the online pornography providers to comply and introduce age verification as requirement to access their services and therefore reducing potential harms for children from accessing pornography online.</p>

Part 4 - Intellectual property

	Measure	Rationale
4A	Offence of online copyright infringement	<p>Creative industries contribute over £84 billion to the UK economy. Intellectual property assets protected at over £60 billion. The government is committed to ensuring the legal framework supports the creators that produce the content that we all value, and who make a valuable contribution to the UK economy. Currently online copyright infringement which falls within the scope of the criminal law is only punishable on conviction on indictment with a maximum sentence of two years imprisonment. By comparison, the maximum sentence for criminal infringement in respect of physical goods is ten years.</p> <p>The government intends to increase the maximum penalty of imprisonment for online infringement from 2 to 10 years so that the penalties for online and physical infringement are the same.</p>

		<p>The government believes that this will send a clear signal to infringers that online infringement is no less serious than infringement in relation to physical goods.</p> <p>Changes also seek to provide clarity to the scope of the offences covered.</p>
4B	Webmarking	<p>In proceedings for registered design infringement, damages cannot be awarded against an innocent infringer who proves that he or she was unaware that the registered design existed. Owners of registered designs may chose to mark their products with the number of the design to give notice that a right exists.</p> <p>Rights may change over the lifetime of the product, so these details need to be kept up-to-date as it is an offence to make a false claim that a design is registered. The most effective way to achieve this would be via a website. This measure seeks to change the Registered Designs Act 1949, to allow for registered design holders to efficiently and effectively notify others of the protection relevant to a particular product. This will increase transparency and help design holders to enforce their rights. This change will also make the options available for design holders consistent with those that were introduced for patent holders by the Intellectual Property Act 2014.</p>
4C	Copyright where broadcast retransmitted by cable	<p>Section 73 of the Copyright, Designs and Patents Act 1988 exempts cable platforms, such as Virgin Media, from paying copyright licence fees to retransmit the core public service broadcaster channels, such as ITV1. The provision exists to support the specific policy objective of supporting the development of cable television infrastructure in the 1980s and 1990s. With over 4.5 million cable subscribers across the country, many of whom use the service for far more than just television, the objective of developing cable infrastructure is now met through other legislative measures such as reform of the Electronic Communications Code – as above. Government intends to repeal section 73.</p>

Part 5: Digital Government

	Measure	Rationale
5A	Better Public Services	<p>To ensure that services are tailored to citizens' needs and that public resources are used efficiently, public authorities need access to accurate data, some of which is held by other parts of the public sector. Where there is no legal gateway to share this information public authorities cannot deliver this. The impact on citizens includes services delivered retroactively, instead of proactively; the most vulnerable not being offered services because the public authority does not know who they are; and inefficient use of taxpayers money.</p> <p>The Bill allows a specific list of organisations to share data for the purposes of improving outcomes for citizens by better tailoring of public services. The Bill ensures that these facilities are constrained by requiring that organisations may only join the list if there is a public benefit in doing so; that a code of practice is adopted requiring further privacy and security safeguards; and that there are constraints on the data shared (e.g. exempting non-relevant data classed as sensitive personal data).</p>
5B	Civil Registration	<p>Current legislation around the sharing of registration data (e.g. records of births and deaths), is restrictive and information from those records can only be shared where there is a specific legal gateway which does not meet all current/future requirements. Data sharing can only take place with organisations specifically named in legislation and the scope cannot be widened without an appropriate legislative gateway. The sharing of civil registration records would provide benefits for citizens including the removal of barriers when accessing government/public services, safeguarding of vulnerable children and adults, creating greater efficiencies and therefore enhancing public access to services.</p> <p>The Bill will implement enhanced data sharing powers, removing current restrictions and allow for registration data to be verified or shared with other government departments, only for the purpose of confirming information or that the event took place.</p>
5C	Fraud and Debt	<p>Public sector estimates of losses due to fraud are estimated to be at least £20.3bn. In 2013 the National Audit Office estimated that c£22bn of debt was owed to Central Government and the government estimates that this rose to c£24bn by March 2015.</p>

		<p>Current data sharing arrangements significantly limit the ability of public bodies to share data on fraud and debt, which in turn limits the extent to which government can act on these issues.</p> <p>The Bill allows a specific list of organisations to share any data for the prevention, detection, investigation and prosecution of fraud; and a list to share any data to take action in connection with debt owed to a specified public authority. The Bill ensures that these facilities are constrained by requiring that organisations may only join the list if there is a need to do so; that a code of practice is adopted; and that there are constraints on the data shared (e.g. exempting non-relevant data classed as sensitive personal data).</p>
5D	Sharing for Research Purposes	<p>Data held by public authorities is of great potential value to researchers in government, academia, charities and industry. The current legislation causes public authorities to be uncertain as to what information can be disclosed. The issue of whether disclosing particular information is lawful can lead to lengthy delays and inconsistent decisions around access. The Bill enables the sharing of de-identified data by public authorities to accredited researchers using specified processes for research in the public interest.</p> <p>This measure will give public authorities greater clarity about what data is permitted to be shared. The measures will ensure that public bodies (except health services bodies and data held by bodies in respect of their role in adult social care) are able, if they so wish, to engage, for the purposes of research or statistical analysis, in the process of linking two or more datasets from two or more data controllers using a secure method of sharing.</p>
5E	HMRC	<p>HMRC operates under a strict legislative framework that limits data sharing. But there are potential uses of HMRC data which could generate public benefits without compromising the core principle of taxpayer confidentiality. De-identified and non-identifying data could be readily and widely shared to help deliver more effective and efficient public services. Currently, specific legislative gateways are considered and created on a case-by-case basis to enable HMRC to share non-identifying information with third parties but this is a time- and resource-intensive process.</p> <p>The Bill creates permissive powers to share general and aggregate information more widely; in respect of both (i) making non-identifying information generally available by publishing and</p>

		(ii) sharing non-identifying information with specific third parties to deliver public benefits wider than HMRC functions and improve access to anonymised data sets for research or statistical purposes where there are no direct benefits to HMRC's functions but there are wider public benefits.
5F	Statistics	<p>Official statistics produced by the Office for National Statistics (ONS) play a crucial role in supporting the development of economic and public policy. However current legislative arrangements governing the production of statistics are increasingly costly, cumbersome and lag behind many other countries, including direct economic competitors in Europe.</p> <p>The government is proposing legislation which will provide the UK Statistics Authority with a gateway to access a much wider range of administrative data sources to use for statistical purposes, while providing strong restrictions and safeguards. Specifically the legislation will:</p> <ul style="list-style-type: none"> i. Give the UK Statistics Authority a right of access to data held by public authorities and private undertakings for the sole purpose of supporting the Authority's statistical functions; ii. Include an obligation for data holders to consult the Authority before changes to data iii. Enable the UK Statistics Authority to securely share information with statisticians in the in the devolved administrations for their statistical purposes; and iv. Uphold rigorous penalties for the inappropriate use of identifiable data to maintain public confidence and trust.

Part 6 - Miscellaneous

	Measures	Rationale
6A	Ofcom information powers	The Communications Act 2003 gives Ofcom the power to request, from communications providers and a wide range of other persons, information for various purposes connected with Ofcom's functions, in particular to 'further the interest of consumers'. Ofcom's current information gathering powers are restricted to data that is already in existence, and data that will be used by Ofcom to fulfil a set of specific duties. This restricted ability to publish data on infrastructure, performance, reliability etc. limits the availability of relevant information for consumers to make informed choices as to their communications providers

		<p>(CPs).</p> <p>Government wishes to give Ofcom a new enabling power to request data from CPs, when in the interests of the consumer or for regulatory analysis, when it is proportionate to do so. The power will also enable Ofcom to request the release of data to the public, under the same conditions.</p>
6B	Ofcom appeals	<p>Whilst regulation is required to remedy certain market failures in the electronic communications market and to benefit consumers, it is essential that an effective appeals mechanism is available for both regulated bodies and communication users, as a robust appeals process safeguards parties' rights and raises the standard of regulatory decision making. The current appeals process - where appeals are decided by an 'on the merits' system – has been inefficient and overly burdensome, and goes beyond the requirements set by the European Framework Directive. This can delay the implementation of regulatory decisions, which has negative consequences for the market and for consumers.</p> <p>The government welcomes recent jurisprudence that has confirmed that the Competition Appeal Tribunal should not take a <i>de novo</i> approach to Communications Act appeals. The Tribunal's procedure rules were reformed in 2015, partly to prevent delays. The government's objective is to build on these reforms to ensure that delays and costs are minimised, but ensures a robust process and an ability to challenge Ofcom decisions where a material error is identified. It is also the aim of government to minimise the gold-plating of European Directives and therefore ensure that the appeals regime more closely reflects the requirements of the Framework Directive. By improving the efficiency of the appeals process, Ofcom's decisions can be implemented more quickly and thus the benefit to consumers will not be delayed.</p>
6C	Ofcom BBC powers	<p>On 12 May 2016 the government published the white paper: A BBC for the future: a broadcaster of distinction, in which it was announced that Ofcom would be appointed as the external independent regulator of the BBC. This followed an independent review by Sir David Clementi, which found that the current BBC Trust model is flawed and that regulation of the BBC must be, and must be seen to be, separate from and independent of the BBC.</p> <p>Section 198 of the 2003 Act provides that regulation of the BBC will be a function of Ofcom, to the extent set out in the Charter</p>

		and Framework Agreement, to regulate the BBC's services. The 'BBC's services' do not cover all of the activities of the BBC, in particular, the BBC's commercial services, the World Service and all online activities. The Bill will broaden the BBC services that Ofcom can regulate. This is an enabling measure and the detail of what Ofcom will be expected to undertake will be detailed in the Charter - to be published later this year.
6D	TV licensing over-75s concession	As part of the new funding settlement between the government and the BBC, reached in summer 2015, the BBC agreed to cover the full costs of the so-called 'over-75s TV licence concession' from 2020 and to take on responsibility for the concession. The concession provides for free television licences (currently funded by government) for those who have reached a qualifying age, currently set at 75 years of age. Section 365 of the 2003 Act enables the Secretary of State to make provision for concessions in relation to the payment of the licence fee, which may take the form of exemptions from payment or of reduced rate payments. The Secretary of State exercises the function of conferring concessions by making regulations. The Bill transfers to the BBC the function of making provision for [an age-related concession] to the BBC. The Secretary of State will retain the power to make provision for all other concessions as set out in the 2003 Act.
6E	Ofcom powers to suspend radio licences	Broadcasting content (TV and radio) is regulated in the UK by Ofcom. The Broadcasting Code prohibits the broadcast of material which is "likely to encourage or incite the commission of crime or to lead to disorder". To deal with a breach, in relation to some licence types, Ofcom currently has to notify the station and ask for representations from the station's licence holder before they could suspend, and potentially revoke, the licence. The Bill will align enforcement powers across all types of radio licences to allow much quicker enforcement including rapid suspension of licences where appropriate.
6F	Ofcom powers to regulate internet-protocol television	Broadcasting content (TV and radio) is regulated in the UK by Ofcom. The regulatory regime is derived from a number of different pieces of legislation that sit below the EU Audio-Visual Media Services Directive. It is a criminal offence to broadcast certain services without an Ofcom licence which are required to meet a number of licensing obligations including compliance with the Broadcasting Code. The Code outlines standards in a number of areas including protecting minors. Crime, religion and harm and offence. Ofcom has the power to apply and enforce sanctions for breach of the Code. Ofcom had identified what it believes to be a limitation in its ability to protect consumers from harmful content when consumers are using internet-enabled TVs who receive TV

		<p>services via Freeview. It relates to providers who are accessed like any other channel but then take viewers through a 'portal' to access channels streamed from the internet by third-parties. As one of the 'portal' providers has recently informed Ofcom they wish to allow access to channels from outside the EEA, and so are not under Ofcom or other EEA regulation, it has now become problematic to regulate and impose license conditions on these third-party internet channels.</p> <p>This limitation needs to be addressed in order to ensure Ofcom can take steps to the extent possible to prevent potentially harmful content from being made available and that if harmful content is made available, Ofcom is able to act to get this removed. The Bill clarifies that Ofcom has the power to act in respect of the UK 'portal' services, licensed by Ofcom and available on the Freeview platform, which give access to the internet-streamed content.</p>
6G	Direct Marketing enforcement	<p>Nuisance calls covers a range of different types of calls including those of a direct marketing nature, which are a major concern for consumers who have not consented to being contacted. Research has shown that unsolicited calls have left 9 million British adults feeling stressed or anxious, and a further 3.2 million adults afraid to answer the phone as a result.</p> <p>The Information Commissioner's Office (ICO) produces Direct Marketing Guidance for organisations, which provides them with guidance on the direct marketing rules under the Data Protection Act 1998 (DPA) and Privacy and Electronic Communications Regulations 2003 (PECR). However, neither the DPA nor PECR imposes an obligation on organisations to have regard to the guidance, or establishes any consequences on an organisation or individual who fails to comply with the guidance.</p> <p>The non-statutory nature of the guidance has led to misinterpretation, and difficulty for the ICO in prosecuting firms that breach the direct marketing rules. Putting this guidance on a statutory footing will make it easier for non-compliant firms to be prosecuted.</p>
6H	Ofcom and Northern Ireland	<p>The Stormont Agreement (November 2015) set out that the UK Government would consider potential further areas of devolution for Northern Ireland which are under discussion elsewhere in the UK, and likely to command broad support among parties in Northern Ireland. Officials from the Northern Ireland Executive subsequently requested the ability to appoint a member of the Ofcom board to represent Northern Ireland interests, as with</p>

		<p>Scotland and Wales.</p> <p>This measure will strengthen the Northern Ireland Executive and Assembly's ability to scrutinise Ofcom and hold them to account in relation to Northern Ireland interests. We are creating the power for the Northern Ireland Executive to appoint a member to the Ofcom board and to call Ofcom before Assembly committees, in parity with measures devolved to Scotland and being devolved to Wales.</p>
6I	Ofcom funding	<p>Ofcom is largely funded through fees from industry for regulating broadcasting, postal services and communications networks. Ofcom is also tasked by government with managing and granting rights of use in relation to spectrum and levies fees and charges on those who use the radio spectrum under the 2006 Wireless Telegraphy Act. The net proceeds from this are returned to government, who then provides Ofcom with grant in aid to perform statutory duties they are prohibited to charge fees or charges for, such as tackling silent and abandoned calls.</p> <p>We are amending the Communications Act 2003 to allow Ofcom to retain money raised through spectrum management in order to pay for its non-fee paying activities. This will allow Ofcom to become fully industry funded. The remaining proceeds from spectrum management will continue to be paid into the Consolidated Fund.</p>
6J	Ofcom Satellite filings	<p>The International Telecommunications Union (ITU) coordinates the international use of satellites by allocating orbits to users. Firms that wish to file through the UK at the ITU must apply through Ofcom, and</p> <p>this has an associated cost. Ofcom does not currently have the statutory power to charge companies to manage their satellite filings with the ITU, despite the process costing Ofcom a substantive amount of money. As Ofcom is largely publicly funded, this represents an unintended public subsidy to the firms. This measure seeks to allow Ofcom to charge cost-recovery to firms filing at the ITU through Ofcom.</p> <p>The aim is to rectify a deficit in Ofcom's budget, and remove the hidden subsidy from taxpayers to satellite firms.</p>
6K	Payment and securities settlement systems	<p>To support financial technology, in particular, access to payment systems for non-bank payment service providers, the Bill will allow HM Treasury to apply the existing settlement finality regime to non-bank payment service providers. This allows these providers to benefit from the preferential treatment concerning settlement finality (i.e. ensuring that transactions are</p>

		<p>settled without being unwound by creditors) in the event of a provider becoming insolvent while it has unsettled transactions in the system. Inclusion within the Settlement Finality regime is necessary to access payment systems.</p> <p>The Bill will also allow HM Treasury to recognise non-bank payment systems for the purposes of regulatory oversight by the Bank of England, so that a broader range of potential payment systems may be covered. This will ensure that HM Treasury and the Bank can respond in a timely manner to potential financial stability risks that could be created by a systemically important non-bank payment system.</p>
6L	Qualifications in information technology	<p>The government is under an existing duty to provide training in literacy and numeracy as found in section 88 and schedule 5 of the Apprenticeships, Skills, Children and Learning Act 2009. The Bill makes equivalent provision for digital skills.</p>

Costs and Benefits

The section below summarises the costs and benefits of each measure where particular impacts have been identified and an impact assessment prepared. Table 1 sets out which measures meet the criteria for an impact assessment and the Net Present Value (NPV) of the measure. Where there are direct costs to businesses, the equivalent annual net cost to business (EANCB) has also been quoted.

The NPVs of each measure have not been summed as this does not give an appropriate NPV for the Bill. In some of the individual impact assessments it has not been possible to quantify the benefits; therefore an overall NPV may be misleading. The individual impact assessments should be consulted for further detail on the costs and benefits.

The impacts of all of the measures discussed above but not cited in Table 1 fall below the thresholds required for an impact assessment. There are no direct costs to businesses or civil society organisations, no information requirement is being imposed or removed from bodies that deliver public services and the cost to the public sector does not exceed £5 million per annum. Where these thresholds have not been met, an impact assessment has not been prepared. Some items included in the Bill will enable particular measures or changes to occur in future, but are not specific proposals for change at this stage. In these instances, where an IA is required, they will accompany a future consultation or policy announcement. Other measures concern additional powers or penalties to enable action against immigration offenders. These measures will allow immigration officers to work more effectively, using current resources. As the costs from these measures accrue to those engaging in illegal activity, these costs are not relevant for impact assessments.

All of the individual impact assessments have been published and can be accessed from the Digital Economy Bill webpage on GOV.UK. They will also be supplied to Parliament.

Table 1 – Summary of impact assessment NPV and EANCB, £ million.

Part	Measure	NPV	EANCB
2A	Electronic Communications Code	0	0
2B	Broadband Planning	0	0
2C	Dynamic Spectrum Access	0	0
2D	Financial penalties for Breaches of Wireless Telegraphy Act Licence Conditions	0	0
2D	Wireless Telegraphy Act enforcement	0	0

3A	Age verification for online pornography	-72.71	0
4B	Webmarking: Constructive notice - products protected by registered designs	0	0
4C	Repeal of section 73 of the Copyright, Design and Patents Act 1988	0	0
5A	Digital Government: public services	0	0
5B	Digital Government: civil registration	0	0
5C	Digital Government: disclose identified data for the purpose of taking action in connection with debt owed to a specified public authority	0	0
5C	Digital Government: new powers for bodies to disclose identified data for the purpose of combating fraud against the public sector	0	0
5D	Digital Government: power to allow public authorities to disclose de-identified data in controlled conditions for research in the public interest	0	0
5E	Digital Government: Introduction of new power to allow HMRC to disclose non-identifying data for a purpose in the public interest	0	0
5F	Digital Government: new powers for access to identified data for the purposes of producing national and other official statistics and research	237	-0.55
6A	Ofcom data transparency powers	0	0
6B	Ofcom appeals	0	0
6E	Protection from Extremist Radio	0	0
6F	Protecting DTT viewers who access Internet-Protocol TV (IPTV) content	0	0
6G	Direct Marketing Code of Practice	-0.12	0
6J	Ofcom satellite filings	-0.01	0.001
6K	Payment and securities settlement systems	0	0

1. Electronic Communications Code

A final impact assessment was prepared for the government's reforms to the Electronic Communications Code, following public consultation, on 24 March 2016 and was given a "fit for purpose" opinion by the Regulatory Policy Committee on 10 May 2016. The key impact from the reforms is a reduction in rents and rates paid by mobile network operators (MNOs) as summarised in table 2 below:

Table 2 – Expected Changes to MNO Costs from a 40% Reduction in Wayleave Value (£m, 2015 prices)

	Before	After	Change
Rates paid directly on MNO owned sites	56	34	-22
Rates paid by Wholesale Infrastructure Providers (WIPs) which are passed through to MNOs	26	15	-10
Rents paid directly by MNOs to independent landlords	133	80	-53
Rents paid by WIPs which are passed through to MNOs as part of licence fees	54	32	-21
Remainder of licence fees paid to WIPs for other infrastructure and services	92	92	0
Total	359	252	-107

This reduction in rents and rates paid by MNOs will unwind over time as rental contracts are renewed. The benefit to MNOs is estimated in 20 year NPV terms as £709m in rents and £307m in rates (2015 prices). The overall NPV and EANCB are estimated at zero net cost as the rental savings are balanced by a loss of revenue to landowners and the saving on rates is out of scope of EANCB. Through lowering the cost of infrastructure deployment and incentivising investment the reform of wayleave valuation should lead to improved connectivity and wider economic benefits. In an independent study commissioned by DCMS, Nordicity estimated that should the 40% fall in rents transfer to lower prices and higher take up of broadband services this could generate a positive GDP impact of £982m (15yr NPV, 2012 prices).

2. Broadband Planning

A final impact assessment was prepared for the government's reforms to broadband planning, on 18 November 2016. This assessment noted that BT and Virgin Media together own the vast majority of broadband infrastructure in the UK. Estimating the benefit to these two firms

combined provides a close estimation of the benefit to industry as a whole. The total benefit to BT and Virgin Media was estimated at £0.5534m benefit to industry per year over ten years. It should be noted that this measure was assessed to not be a new regulatory provision as it involves the removal of a sunset clause from a previous regulation. The Better Regulation Executive therefore agreed it was out of scope of the current better regulation process and it was not assessed by the Regulatory Policy Committee.

3. Dynamic Spectrum Access

A final impact assessment was prepared for the government's proposals on dynamic spectrum access, on 1 April 2016. The impact assessment noted that this regulation does not change the way firms enter the market; firms must still qualify through Ofcom before being given the spectrum usage information required to run the database. Under this framework, instead of arrangements with databases being subject to a process of contractual negotiations, the firms would have to obtain an appropriate licence from Ofcom. Firms running databases under the new regulatory system will face the same conditions of use as those that they would face if the DSA arrangement were put in place under direct contracts. There may be costs to business that breach the conditions set by Ofcom in operating DSA databases as a licence regime will provide the power to deliver statutory sanctions which are not currently available through a contractual approach. However, the Better Regulation Framework Manual states explicitly in multiple sections that financial penalties levied for non-compliance with regulation should not be counted in the EANCB. The main benefit of the proposed licence regime is that it enables Ofcom to more effectively manage interference to existing spectrum users. By ensuring Ofcom can manage interference effectively, this makes it more likely that they will be able to introduce DSA databases into additional spectrum bands in the future, which has potentially significant economic benefits through freeing up currently unused spectrum. Greater confidence in Ofcom's ability to manage interference also provides greater certainty and clarity for potential users of spectrum, encouraging investment. Indeed, there are likely to be a number of benefits but the government could not monetise them at this time so has estimated a zero net cost to business from this measure.

4. Financial penalties for Breaches of Wireless Telegraphy Act Licence Conditions

A final stage impact assessment was prepared for this measure on 11 April 2016. The Regulatory Policy Committee considered the impact assessment and confirmed it was a non-qualifying regulatory provision on 25 April 2016. The assessment noted that it is impossible to accurately quantify the total cost to business of the proposal, as each fine would be determined by the circumstances surrounding, and the severity of, the breach, and the individual circumstances of the licensee. Therefore, there is no average to aggregate and no fixed guideline amount to use as a base. The Bill introduces a similar provision to the financial penalty within section 43A of the WTA so that it may, where appropriate, be applied to any contravention of a wireless telegraphy licence condition where a financial penalty cannot currently be applied. The penalty shall be determined by the nature and severity of the breach, but shall not exceed 10% of the firm's gross revenue. The level of penalty should be set at a rate that achieves optimal balance between deterrent and proportionality. The ultimate aim is not to act as a revenue earner for Ofcom, but to act as a disincentive to firms to breach their licence agreement. The government considers that this will give Ofcom sufficient flexibility to impose proportionate and effective penalties and will provide an alternative to revoking the licence altogether. The financial penalty which can currently be applied to the contravention of a

condition by multiplex licence holders in which the amount of the penalty cannot exceed the greater of £250,000 and 5% of gross revenue will remain in place.

5. Wireless Telegraphy Act enforcement

A final stage impact assessment was prepared for this measure on 20 April 2016. The Regulatory Policy Committee validated the assessment on 10 May 2016. The Bill will reduce the maximum amount of time for which Ofcom is required to retain seized property from 12 months to 6 months (where proceedings are not brought, the total time that Ofcom would be required to hold the property would be 12 months - 6 months for possible proceedings and a further 6 months retention). The government recognises that there is a potential risk for impacts on business from this policy, but the evidence shows that this risk is particularly low, given then there is only one case out of 3,152 in the last five years where an item of property was kept for longer than 12 months, where proceedings were initiated, before being restored, and therefore is in scope of this proposed change.

The Bill also exempts proceedings for an offence under the WTA the limitations of the Magistrates Court Act 1981. This means that proceedings can be brought for up to three years after the offence, not just 12 months. There were 293 contraventions of the WTA identified by Ofcom in 2014. Ofcom estimate that approximately 40 of these contraventions would be within the scope of the Bill amendment. However, Ofcom currently works around the current time limitation by bringing proceedings in these cases under legislation where longer limitations apply: Radio Equipment and Telecommunications Terminal Equipment Regulations 2000 and Electromagnetic Compatibility Regulations 2006. For this reason the overall impact on business from this Bill measure will be zero.

6. Age verification for online pornography

A final impact assessment was prepared for this measure, following public consultation, on 25 May 2016. The main costs to business identified by the impact assessment were to payment providers, visa, mastercard and paypal. Working with the regulator and processing the requests will be estimated to cost around £0.5 million per year.

The establishment of a regulator, or the extension of powers to an existing regulator would be likely to involve costs to government. These have been estimated at £7.9 million a year.

7. Webmarking: Constructive notice - products protected by registered designs

A final stage impact assessment was prepared for this measure on 11 August 2015. The Regulatory Policy Committee validated the assessment on 25 September 2015. There is no cost at all to designers or businesses if the registered design holder does not choose to use this new option. If a design holder does decide to use webmarking, he or she will have to set up a website (or a webpage on an existing website) which is accessible to all and will need to maintain the website to ensure the information is current. The cost of running a website is nominal. Design owners who currently choose to label or stamp their products and use this option instead would make cost savings by no longer having to re-mark every single product when details changed. Amendments could be made once to the website. During the consultation on patent webmarking, one large technology company told us that it could save in

the region of £50,000 a year by moving to a website, as it placed a label on each of its products and reviewed and updated these on a quarterly basis.

8. Repeal of section 73 of the Copyright, Design and Patents Act 1988

A final stage impact assessment was prepared on 29 June 2016. The Bill will repeal section 73 of the Copyright, Designs and Patents Act 1988, which exempts cable companies who would otherwise have infringed copyright by the retransmission of public service broadcaster channels. If the must offer must carry arrangement in the Communications Act 2003 did not exist, then the repeal of section 73 could conceivably lead to a transfer of wealth from Virgin to the public service broadcasters (“PSBs”), as the PSBs would be entitled to retransmission copyright fees from Virgin. However, the PSBs are obliged to offer platforms, including Virgin, their content and the platforms, in turn, are obliged to carry core PSB channels. Therefore any greater leverage for PSBs in negotiations is limited, as the greater leverage only covers the core channel for which it also has must offer obligations. PSBs would not be able to threaten to withdraw their channel as a negotiating tactic, as they would still be required to provide it.

9. Digital Government: public services

A final stage impact assessment was prepared for this measure on 17 June 2016. The impact assessment found that the costs only fell on the public sector, largely consisting of familiarisation and administration costs, but that these were outweighed by benefits: overall reduced administrative costs and efficiency gains.

10. Digital Government: civil registration

A final stage impact assessment was prepared for this measure on 1 June 2016. The new data sharing powers will allow registration officials to share data registration data with specified public authorities which will enable them to update their lists and potentially identify fraudulent activity, e.g. Blue Badge fraud. The National Fraud Authority estimates that around half a million Blue Badges are misused every year at a cost to local authorities of around £46m each year – around £96 for each badge issued. A study undertaken in 2013 identified that 2.1% of those using a blue badge belonged to individuals who were deceased. Registration Officials being able to share death data with local authorities will help reduce this level of fraud by preventing an individual using the identity of a deceased person. This will generate savings for local authorities of around £8.3m in the next ten years.

The sharing of civil registration records would also provide benefits for citizens removing the requirement to produce a certificate when accessing government/public services. There is also the potential for public authorities to use the death information for list cleaning to prevent mail being sent to a deceased person causing unnecessary distress to relatives.

Table 3: summary of costs and benefits of new powers to allow for the sharing of registration data with specified public authorities

<u>Summary of Costs and Benefits</u>	10 year impact (£m) (PV Low)	10 year impact (£m) (PV)	10 year impact (£m) (PV High)
<u>Costs</u>			
<u>Set Up Costs</u>			
<i>1. Training, familiarisation and guidance</i>	0.3	0.3	0.3
Total Set Up Costs	0.3	0.3	0.3
<u>Ongoing Costs</u>			
<i>2. IT resource to administer data sharing service</i>	1.9	1.9	1.9
<i>3. Resource to administer data sharing service GRO</i>	0	0	0
<i>4. Loss of GRO certificate income – recent events ie least 50 years</i>	1.1	1.3	1.4
<i>5. Loss of LRS certificate income – recent events ie last 50 years</i>	1.2	1.3	1.5
<i>6. Loss of LRS certificate income – at time of registration births</i>	2.3	2.5	2.8
<i>7. Loss of LRS certificate income – at time of registration deaths</i>	1.5	1.7	1.9
Total on-going Costs	8	8.7	9.4
<u>Total costs</u>	8.3	9	9.7
<u>Benefits</u>			
<i>8. Increase in customer surplus</i>	5.0	5.6	6.1
<i>9. Resource savings to LRS of issuing certificates - recent events ie last 50 years</i>	0.4	0.5	0.5
<i>10. Resource savings for GRO certificate production – recent events ie last 50 years</i>	0.5	0.6	0.7
<i>11. GRO - Reduced postage costs for GRO in despatching certificates for recent events ie last 50 years</i>	0.1	0.1	0.1
<i>12. LRS - Reduced postage costs for LRS in despatching certificates for recent events ie last 50 years</i>	0.1	0.1	0.1
<i>13. Reduction Blue Badge Fraud for local authorities</i>	6.7	8.3	10
<i>14. Resource savings to LRS of issuing certificates - at time of</i>	2	2.3	2.5

<i>registering a birth.</i>			
15. Resource savings to LRS of issuing certificates - at time of registering a death	1.4	1.6	1.7
Total benefits	16.2	19.1	21.7
Net Benefits			
<i>nb: there are roundings up and down in some values (ie a value 5 and over is rounded up and value 4 and under is rounded down) but total net benefits ranges are £8m; £10.1m; £12.0m</i>	8.0	10.1	12.0

11. Digital Government: disclose identified data for the purpose of taking action in connection with debt owed to a specified public authority

A final stage impact assessment was prepared for this measure on 15 June 2016. The aim of the policy is the identification of persons who have debts with multiple public authorities (“multiple debtors”). The government estimates that multiple debtors owe around £2.4bn, with 10% (£240m) of this debt not covered by existing data sharing agreements. This power would enable public authorities to share information which would help to provide a single debtor view. This in turn will help to take a more effective coordinated intervention to recover debt where possible and to support those who are struggling to repay.

12. Digital Government: new powers for bodies to disclose identified data for the purpose of combating fraud against the public sector

A final stage impact assessment was prepared for this measure on 10 June 2016. In 2012, the National Fraud Authority put the loss to the UK economy from fraud at £52 billion, with approximately £20.6bn being attributable to the public sector. This figure in reality is likely to be significantly higher once other factors are taken into account. The estimate also does not consider losses due to error or to the various ‘grey areas’ between fraud and error, such as negligence and failure to take due care, and it only includes specific aspects of the shadow economy. Top-down econometric estimates of the shadow economy suggest that tax losses and means-tested benefits overpayments may be considerably higher. Together these suggest that total detected and undetected losses for the broadest definition of fraud and error are likely to be significantly higher than the estimated £20.6bn.

Wider use of data sharing could improve the prevention, detection and investigation of fraud by:

- a) Aiding better targeting and risk-profiling of potentially fraudulent individuals;
- b) Saving taxpayers’ money by streamlining processes; and
- c) Increasing the ability for government to act more quickly on fraud and simplifying the legislative landscape.

13. Digital Government: power to allow public authorities to disclose de-identified data in controlled conditions for research in the public interest

A final stage impact assessment was prepared for this measure on 17 June 2016. The power is permissive and it is yet to be seen how researchers will take advantage of the new service. The impact assessment does not monetise the costs or benefits but notes that there will be varying costs to set up and use the measure effectively.

14. Digital Government: HMRC - Introduction of new power to allow HMRC to disclose non-identifying data for a purpose in the public interest

A final stage impact assessment was prepared for this measure on 20 June 2016. The impact assessment does not monetise the costs or benefits.

15. Digital Government: new powers for access to identified data for the purposes of producing national and other official statistics and research

A final stage impact assessment was prepared for this measure on 1 June 2016 and was validated by the Regulatory Policy Committee on 12 July 2016. Over the first 10 years the Bill measure is expected to return £8 of benefit for each £1 cost. The Bill will enable the Office of National Statistics (ONS) to seek access to data already held by public authorities, reducing the need to burden businesses with requirements to complete certain survey information. The costs and benefits fall on all sector of the economy and the impact assessment contains a detailed analysis. Table 4 below is illustrative of some of the benefits.

Table 4: Savings to business by allowing ONS to access HMRC data; source: 2015 Online List of Government Statistical Surveys

Survey name	Annual compliance cost (2015)	Estimated saving to business (2014 prices)
Annual Survey into Hours & Earnings	£4,660,070	£505,626
Short-term Employment Surveys	£3,803,304	£386,874
Business Register Employment Survey	£6,538,072	£1,773,483
Monthly Wages and Salaries Survey	£546,040	£46,286.
Monthly Business Survey (Construction)	£2,479,725	£210,199.

Monthly Business Survey (Production & Services)	£3,803,304	£322,395
Quarterly Business Survey (Employment)	£164,597	£13,952
Labour Disputes Survey	£1,201	£102
Pension Surveys (measured collectively: Pension Funds Transactions in Financial Assets, Pension Funds Income & Expenditure and the Pension Funds Balance Sheet surveys)	£218,869	£18,553
Occupational Pension Schemes Survey	£943,051	£79,940

16. Ofcom data transparency powers

A final stage impact assessment was prepared on 22 March 2016. It was validated by the Regulatory Policy Committee on 29 April 2016. Given the nature of the measure, it is impossible to know now how many requests Ofcom would make per year and the nature of these requests. This is because the power would be specifically designed to allow Ofcom to request new data in the future that may become relevant, due for example to technological change. The main costs to business would arise from the collection, management, and storage of the data sets. The impact assessment set out three illustrative examples as in table 5 below:

Table 5: Summary of illustrative examples of communication providers: source: Ofcom

Illustrative Examples	What data would be required and from whom?	How would CPs go about collecting the data?	Estimated cost to CPs.
<i>Require CPs to report service quality measures for fixed lines services</i>	Network operators and retail CPs in fixed market to provide comparable data on e.g.: <ul style="list-style-type: none"> · av. time to repair · av. time to 	Collect existing data differently / Extract and translate existing data	Our initial view, based on past experience of data collection from industry, is that total direct costs may be <£100,000 p.a., for each affected

	<ul style="list-style-type: none"> install fault rates 		CP
<i>Require CPs to report 'average customer hours lost' data for fixed lines services</i>	<p>Network operators and retail CPs in fixed market to provide comparable data on e.g.</p> <ul style="list-style-type: none"> average monthly 'downtime' experienced by a retail customer (hours); and / or the same measure, based on all customers who experienced a fault 	<p>Extract and translate existing data / Data does not exist: generate new data</p>	<p>Our initial view, based on past experience of data collection from industry, is that direct may be <£100,000 p.a., for each affected CP</p>
<i>Require CPs to report customer service satisfaction data in fixed and mobile sectors</i>	<p>Retail CPs in fixed and mobile markets to survey a sample of customers contacting their customers services in order to report e.g.:</p> <ul style="list-style-type: none"> av. number of customer touches to resolve av. time to resolve satisfaction with outcome 	<p>Data does not exist: generate new data</p>	<p>Our initial view is that total direct costs may be <£1m p.a., for each affected CP</p>

17. Ofcom appeals

A final impact assessment was prepared for this measure on 12 May 2016. The Bill would require the Competition Appeals Tribunal (CAT) and the Competition and Markets Authority to consider appeals against Ofcom decisions to a different standard of review, which means it is possible the courts may reach different conclusions on appeals than they would have under the old system. In the past 5 years, there have been 24 appeals cases brought before the CAT against Ofcom decisions (2011 to April 2016). Of these, Ofcom has not lost a single case before the CAT in its entirety. Ofcom's decision has been upheld in full on 9 occasions, there has been a mixed result on 5 occasions, 4 of these appeals have been withdrawn and the remaining 6 are ongoing or have been stayed. The government's analysis was that there have been 4 determinations since 2007 where the eventual outcome of the relevant appeals may well have been different had they been decided under the changed standard of appeal as set out in the Bill. These 4 determinations related to price controls decisions. These price control decisions relate to wholesale charges and others between telecommunications businesses. The change in the price creates a transfer of income between one business and another. Therefore, the impact of price changes following an appeal will always have a zero net cost to business as a whole.

The impact assessment also anticipated that a reduction in the length and costs of appeals litigation will enable Ofcom to focus its resources on other projects to further the interests of citizens and consumers, and enable regulatory decisions to be implemented to shorter timescales thereby benefiting consumers.

18. Protection from Extremist Radio

A final impact assessment was prepared for this measure on 27 September 2016. All UK based licensable radio stations UK-based licensable radio stations must comply with the Broadcasting Code including programme content likely to incite crime or disorder. This is already a condition of the licences granted to broadcasters by Ofcom to transmit their output. DCMS and Ofcom have determined that there are no additional costs from this measure.

19. Protecting DTT viewers who access Internet-Protocol TV (IPTV) content

A final impact assessment was prepared for this measure on 20 April 2016. There are currently two IPTV operators: Connect TV provides a "portal" service to 27 channels via 19 slots on the Electronic Programme Guide ("EPG"). Synapse TV provides a "portal" service to 188 channels via 10 slots on the EPG. None of these channels currently originate outside the EEA so are not caught by the new Bill measures. The Bill future proofs the regulatory regime.

20. Direct Marketing Code of Practice

A final stage impact assessment was prepared for this measure on 21 April 2016. There would be some familiarisation costs for business as firms read and understand the new statutory guidance required by the Bill. There would also be some administration costs - organisations would need to change their current guidance on direct marketing to reflect the ICO's direct marketing guidance; specifically on issues on third party consent. The total one-off cost to businesses was estimated as £23,920.

There were more significant costs identified for the Information Commissioner’s Office as set out in table 6 below:

Table 6: summary of costs to the Information Commissioner

	Must do	Could do
Basic and essential communications for organisations	£300	
Initial print run 10,000 copies		£ 13,000
TSO set up	£900	
Marketing activity: organisations		£10-15,000
Marketing activity to raise public awareness of DM obligations in the code: Facebook		£20,000
MP and Citizen advice offices: production and mail out flyer.		£5,000
Local media relations – Press Officer time	£300	
Lead Communications Officer time for production and publication etc	£1,000	
Other staff costs	£91,534	
Total	£94,034	£67,500- £70,000

21. Ofcom satellite filings

A final impact assessment was prepared for this measure on 19 October 2015 and was given a “fit for purpose” opinion by the Regulatory Policy Committee on 8 December 2015. Ofcom estimated the cost of satellite filings in 2013/14 was £1.22m and have provided data for previous years as per table 7 below. The Bill allows Ofcom to charge full cost recovery to businesses filing in the UK.

Table 7: Estimated annual cost of satellite filings: source: Ofcom

	2011/12	2012/13	2013/14
Satellite Filings Cost	£1.17m	£1.07m	£1.22m

22. Payment and securities settlement systems

On the 27 October and 11 November 2016 the Regulatory Policy Committee confirmed that these were non qualifying regulatory provisions. The first measure will allow HM Treasury to bring payment institutions (“PIs”) into the definition of ‘participant’ for the purposes of the Settlement Finality Regulations.

PIs are a category of non-bank payment service provider that includes innovative ‘FinTech’ firms. Once the Statutory Instrument is made, alongside changes by the Bank of England to open up access to settlement accounts to non-bank payment service providers, this measure will enable PIs to become direct members of key UK payment systems.

This measure will not compel any firm to become a direct member of a system or to participate in central bank settlement; nor will it compel a system or the Bank to take on new members. It will simply remove a barrier that currently bars PIs from direct membership of payment systems and Bank settlement. By removing this barrier, PIs will be able to apply for direct membership and payment system access if they choose. This will help PIs compete on a level playing field with banks, encouraging competition in the payments market.

The second measure will allow HM Treasury to bring a non-bank payment system into the Bank of England’s oversight regime in the event that a systemically important non-bank payment system emerges. There are not currently any non-interbank payment systems that HM Treasury would wish to specify for stability oversight by the Bank. This is therefore a precautionary measure which supports the Bank in opening up access to payment systems.