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## Satellite filings

### Department for Culture, Media and Sport

### RPC rating: **fit for purpose**

#### Description of proposal

The International Telecommunications Union (ITU) coordinates the international use of satellites by allocating orbits to users. Firms that wish to apply for an orbit through the UK at the ITU must apply through Ofcom. Ofcom currently bears the costs associated with an application. The proposal will allow Ofcom to charge to recover its costs from firms filing at the ITU through Ofcom.

#### Impacts of proposal

The Department expects Ofcom to charge the 21 affected businesses at full cost recovery rates. The Department estimates the total value of charges to firms at £1.22 million each year, based on Ofcom's costs of dealing with applications in recent years.

The Department estimates a small ongoing administrative cost to business of £1,130 each year, associated with paying the charges. The Department assumes that these administrative costs would include any time spent by businesses familiarising themselves with Ofcom's charges.

#### Quality of submission

##### *Classification.*

The Department classifies the administrative costs as in scope of the business impact target, giving an EANCB of £0.001. These costs would have been in scope of One-in, Two-out under the Better Regulation Framework Manual (March 2015). However, fees and charges, and associated administrative costs, are not defined as regulatory provisions for business impact target purposes. This is unless the change in fees represents a cost of a change in a regulator's activity, which is not the case here. This is a procedural change since the Department's previous submission. As the costs were assessed as in scope by the Department in response to RPC comments made under the previous framework, it would not be appropriate for this to affect the RPC's rating.

### *EANCB.*

The Department calculates an EANCB based solely on the costs that they classify as qualifying for the business impact target. Since the proposal is not being classified as a regulatory provision, under the SBEE Act none of the proposal's costs qualify for the business impact target. Therefore the EANCB should be calculated based on the proposal's total direct cost to business. This gives an EANCB of £0.961 million.

### *Small and micro business assessment.*

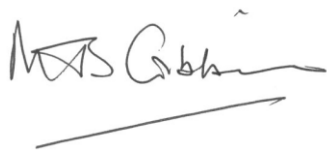
The Department has responded to the RPC's other comments on the consultation stage IA. For example, the Department now considers the proposal's impacts on small and micro businesses. The Department states in its small and micro business assessment that only one of the 21 businesses affected is small and that, since charges will be per application, this firm is likely to face a lower total level of charges than larger firms, which make more applications. The Department does not plan any exemption or mitigation for smaller firms, as this would create a competitive distortion and could result in the creation of smaller spin-off companies by larger businesses. The IA would have benefitted from a greater discussion around why an exemption was not included.

### **Initial departmental assessment**

Classification	IN
Equivalent annual net cost to business (EANCB)	£0.001 million
Business net present value	-£0.01 million

### **RPC assessment<sup>1</sup>**

Classification	Not a regulatory provision (fees and charges)
EANCB – RPC validated	£0.961 million
Small and micro business assessment	Sufficient



**Michael Gibbons CBE**, Chairman

<sup>1</sup> The RPC verification of the estimated equivalent annual net cost to business (EANCB) and assessment of whether the measure is a qualifying regulatory provision are based on current working assumptions.