

June 2006

Department for Culture, Media and
Sport

Administrative Burdens
Measurement Exercise

Final Report

Contents

Section	Page
Preface	4
1 Executive summary.....	7
1.1 Introduction	7
1.2 Approach and methodology	7
1.3 Properties of the cost estimates.....	8
1.4 Key regulatory areas in scope	8
1.5 Implementation variations	9
1.6 Overall results	9
1.7 Conclusions.....	10
2 Introduction	12
2.1 Background.....	12
2.2 Overview of regulation affecting the private sector	14
2.3 Overall approach and methodology	20
3 Administrative costs on business.....	32
3.1 Introduction	32
3.2 Overview	32
3.3 Most costly regulations	33
3.4 Administrative costs by IO type and by administrative activity	38
3.5 Administrative costs by third party/non-third party and internal/external categories	40
3.6 Administrative costs by origin	41
3.7 Administrative cost vs. administrative burden.....	43
3.8 Other findings.....	44
4 Conclusions.....	47
5 Glossary	50
Annex A: Administrative costs by Department	56

List of Tables**Page**

Table 1: Regulatory areas covered by the project and businesses affected	17
Table 2: Number of regulations and information obligation/data requirements	18
Table 3: Number of information obligation/data requirements by origin	19
Table 4: Administrative costs – overview	32
Table 5: Top 6 regulations by total administrative costs	35
Table 6: The distribution of administrative cost by IO/DR within the top 6 regulations	35
Table 7: Total administrative costs by IO type	38
Table 8: Summary administrative costs showing internal time, overheads and external costs	39
Table 9: Internal time costs by standard activity type	40
Table 10: Administrative costs- breakdown by third party/non-third party and internal/external categories	41
Table 11: Administrative costs by origin	42
Table 12: Administrative costs by sub category by origin	42
Table 13: Percentage administrative cost by origin for the top 6 regulations	42
Table 14: Demarcation of regulations	56
Table 15: Regulations by total administrative costs	57
Table 16: The distribution of administrative costs by IO/DR by regulation	58
Table 17: Administrative costs by regulation - breakdown by third party/non-third party and internal/external categories	60
Table 18: Administrative costs by origin	62
Table 19: Summary administrative costs by origin by third party/non-third party	64
Table 20: Administrative costs by sub category by origin by regulation	64
Table 21: Percentage administrative cost by origin by regulation	68

List of Figures

Figure 1: Breakdown of a regulation	22
Figure 2: Cumulative distribution of estimated administrative cost	36
Figure 3: Unit cost v quantity	36

Preface

Purpose of the report

The primary purpose of this report is to communicate the results of the Administrative Burdens Measurement Exercise (ABME) for the Department of Culture, Media and Sport (DCMS). The ABME forms part of the Government's wider Administrative Burdens Reductions Project (ABRP).

The report presents the administrative costs for the regulation in scope for DCMS; it explains how the measurement was carried out, any variations in the planned implementation approach and how these were handled. It provides a primary level of analysis of the administrative costs measured for DCMS.

As part of the reporting for the ABME standard text has been agreed and used within this report.

Use of findings in the report

The results of the ABME offer DCMS the opportunity to identify how changes to its regulations or the way in which it implements them in the future can help to reduce the cost to business of understanding and complying with them, and the time taken by enforcement officers to enforce them. It aims to provide those involved in regulating or enforcing regulation with the ability to:

- understand the scale of the administrative costs imposed by regulation;
- identify opportunities to reduce the overall level of the costs;
- monitor future progress in reducing the costs and conduct international benchmarking of the costs in the UK;
- integrate better regulation practices into policy making to help create culture change across government; and
- improve relationships and dialogue between those who regulate and those who are regulated.

The overall aim of the ABRP is to bring about culture change across government in the way policy is made as part of the broader better regulation agenda. The results of the ABME offer data to inform this process.

Governance of the ABME

Overall responsibility for initiating and coordinating the ABME has rested with the BRE within the Cabinet Office. The BRE's project team has been responsible for coordinating the work across departments, including the development and consistent application of the Standard Cost Model (SCM). The overall management and direction of the project has been through a Project Board chaired by BRE with representation from a number of departments. Departments have been responsible for the provision of information relating to the regulations in scope, the validation and sign off of data and the sign off of their respective reports.

A consortium led by PricewaterhouseCoopers (PwC) and including legal experts from DLA Piper and Landwell has been responsible for implementing the project supported by the BRE and DCMS.

The nature of the results

Qualities of the estimates

The measurement has been carried out in accordance with the framework and methodology set out in the SCM.

The estimates of administrative costs contained in this report are indicative and are not statistically representative. The SCM measurement adopts a pragmatic approach to provide a reasonably consistent estimate of the administrative costs on business arising from regulation.

The estimates are of administrative costs of which administrative burdens are a part. The costs of some activities that business, charities and the voluntary sector would carry out regardless of regulatory requirements (business as usual costs) may be included. Equally some costs that may be regarded as associated with the underlying policy aim rather than being purely administrative may be included. Conversely, the costs of other administrative tasks, for example requirements that come from case law, are not included as they do not fit the SCM framework which is based on information obligations arising out of regulations. Looking forward, if the Government is to ensure that effort is focused on areas that business will feel the most benefit from, it will need to consider how to take into account business as usual costs in setting targets based on the estimates generated using the SCM.

Table conventions

The tables in this report include both monetary amounts and percentages. Where numbers have been rounded, a consistent method has been used. Figures have been rounded as follows:

- All percentages are expressed as whole numbers, rounded to no decimal places (e.g. 70.4% is rounded to 70% and 70.5% is rounded to 71%).
- All financial figures are expressed in millions, to one decimal place (e.g. £13.55m is rounded to £13.6m and £13.54m is rounded to £13.5m), except for the Median, Minimum and Maximum which are expressed in thousands, with no decimal places.

Due to the rounding of numbers and percentages, not all of the tables presented in this report will add up to the total shown or 100%.

A dash in the tables indicates that a percentage cannot be evaluated.

A common set of tables have been prepared for all of the reports to which the ABME applied. In some cases, the tables included show zero values as the table content does not apply to the report in question.

Report structure

This report for DCMS sets out the background and objectives of the project, including the key areas of DCMS's regulation affecting the private sector, the approach and methodology used to assess the administrative costs associated with regulation, quantitative and qualitative administrative cost results for DCMS and resulting conclusions.

The report has been prepared by PwC using a common framework and guidance developed jointly with BRE and departments. The reports share the same structure and therefore this report includes generic text which has been agreed by the Project Board chaired by BRE. The report has been agreed with the department and the BRE.

An Executive Summary is included at Section 1 which provides an overview of the whole report – repeating key points and main findings. The main body of the report commences at Section 2.

In addition to the main body of the report, a set of annexed tables provide more detailed results.

Two separate documents (one included electronically on spreadsheets) provide more detail behind the results and a summary of how the methodology was implemented (The Technical Summary).

The measurement work reflected in this report was based on a snapshot of the administrative costs imposed by regulation as at May 2005. Since then, notably in May 2006, a number of changes have been made to the allocation of policy responsibilities across a number of government departments which affect departmental ownership of regulations. These changes have not been reflected in the reports but they will be reflected in departmental simplification plans.

1 Executive summary

1.1 Introduction

The Administrative Burdens Measurement Exercise (ABME) was launched by the Government in response to the Better Regulation Task Force's report, 'Regulation: Less is More' as part of the Chancellor of the Exchequer's Better Regulation Action Plan (BRAP). The aim of the ABME is to estimate the administrative costs incurred by the private sector¹ as a result of all regulations imposed by central government.

The project has covered all regulations in force as of May 2005 and has involved 15 other government departments and their agencies besides the Department of Culture, Media and Sport (DCMS). A parallel project has considered the administrative costs which arise from HM Revenue & Customs's operation of the fiscal system.

The measurement work reflected in this report was based on a snapshot of the administrative costs imposed by regulation as at May 2005. Since then, notably in May 2006, a number of changes have been made to the allocation of policy responsibilities across a number of government departments which affect departmental ownership of regulations. These changes have not been reflected in the reports but they will be reflected in departmental simplification plans.

The focus of the work has been on measuring the administrative costs of regulation rather than the compliance or policy costs. These are defined as "the [recurring] costs of administrative activities that businesses are required to conduct in order to comply with the information obligations that are imposed through central government regulation²."

It is anticipated that the results of the ABME will inform the process of setting and agreeing departmental targets for year-on-year net reductions in administrative costs and burdens. In this way, the project is expected to drive improvements in productivity and, hence, economic performance. Following the Chancellor of the Exchequer's Budget in March 2006, the department is expected to prepare a detailed proposal for realising such targets as part of a more general Simplification Plan

The Better Regulation Executive (BRE) within the Cabinet Office co-ordinated the initiative to ensure consistency across departments and each department has been responsible for estimating the costs of its own regulations. A consortium led by PricewaterhouseCoopers (PwC) and including legal experts from DLA Piper and Landwell has led the implementation of the project supported by the BRE and DCMS.

1.2 Approach and methodology

The ABME has been based on the application of the Standard Cost Model (SCM). This provides a simplified but consistent framework for estimating the administrative costs imposed on business by central government regulation. The SCM was initially developed in the Netherlands and has also been extensively applied in Denmark.

¹ The private sector includes all businesses, charities and voluntary organisations.

² Definition from the Standard Cost Model Manual S3.1.4, page 15

The ABME was implemented between September 2005 and May 2006 in three phases:

- Phase 1 – Preparatory analysis: this primarily involved identifying and agreeing the regulations within the scope of the project and then breaking down these regulations into their constituent parts such that the information and data that businesses are required to provide to government were identified and classified.
- Phase 2 – Time and cost data capture and standardisation: this was concerned with collecting the data needed to calculate the total administrative costs which result from each of the requirements identified in Phase 1, including the number of organisations required to comply and unit costs per organisation. The data were collected, reviewed and assessed on a continuing basis to ensure they were credible and representative of the ‘normally efficient business’.
- Phase 3 – Calculation, data submission and reporting: this focused on processing the data collected and producing this report on the administrative costs imposed by regulations on business.

1.3 Properties of the cost estimates

The estimates of administrative costs included in this report are based on the application of the SCM which is designed to produce consistent estimates and so enable measurements to be compared and targets for reductions to be set across government. The SCM relies on deriving estimates of the standard cost of meeting each information obligation/data requirement (IO/DR) within a regulation for a ‘normally efficient business’. Given the need to manage the overall costs of data collection while providing information about a very large number of information obligations/data requirements (IO/DRs), the SCM relies on the input of a limited number of experts and/or businesses. As such, it does not produce a statistically representative measure of costs: instead, it is a pragmatic approach to measurement that gives an indicative estimate of the magnitude of costs which provides a starting point for setting reduction targets and highlighting the areas of focus. Moreover, the nature of the estimation process means that the greater the level of disaggregation of the cost estimates, the greater the potential margins of error surrounding the cost estimate. Nonetheless, experience from Denmark and the Netherlands demonstrates that using SCM-based estimates of administrative costs can provide a useful framework within which to focus efforts to reduce burdens.

In interpreting the results of the application of the SCM, it is important to recognise that the SCM provides an estimate of administrative costs of which administrative burdens are a part. The costs of some activities that business, charities and the voluntary sector would carry out regardless of regulatory requirements (business as usual costs) may be included. Equally some costs that may be regarded as associated with the underlying policy aim rather than being purely administrative may be included. Conversely, the costs of other administrative tasks, for example requirements that come from case law, are not included as they do not fit the SCM framework which is based on information obligations arising out of regulations. Looking forward, if the Government is to ensure that effort is focused on areas that business will feel the most benefit from, it will need to consider how to take into account business as usual costs in setting targets based on the estimates generated using the SCM.

1.4 Key regulatory areas in scope

The key regulatory areas for DCMS covered by the project and agreed and validated by the Department fall into the areas outlined below. Those with the highest level of regulation and information obligations/data requirements (IO/DRs) are the Gambling, and Tourism and Licensing Divisions.

Architecture and Historic Environment Division (AHED)

Regulations relating to ancient monuments and cultural property; One regulation; the SI 1994/1381 Ancient Monuments (Class Consents) Order 1994 – did not contain any information obligations and was therefore omitted from this measurement exercise.

Broadcasting & Communications

Regulations relating to Broadcasting and Communications, where the Communications Act 2003 is jointly administered with the Department of Trade and Industry.

Cultural Property Unit

Regulations in relation to protecting cultural objects.

Films & Films Branch

Video Recordings (Labelling) Regulations 1985 & Films (Certification) Regulations 1985.

Gambling

Regulations covering Betting, Gaming, Lotteries and the National Lottery

Museums and Cultural Property Division (MCPD)

Legal Deposit Libraries Act 2003.

Royal Estate and Ceremonial Branch – Architecture and Historic Environment Division (AHED)

Public Statues (Metropolis) Act 1845.

Sports Division

Football Spectators Act 1989.

Tourism and Licensing Division

Regulations relating to tourism and licensing. The Local Government (Misc. provision) Act 1982 is jointly administered with the Department of Health and Office of the Deputy Prime Minister.

Overall, there are 35 regulations and 658 IOs/DRs within the scope of the project for DCMS. None of the regulations involved are directly applicable EU regulations. The majority are directly applicable sections of UK Acts of Parliament.

1.5 Implementation variations

For DCMS, 42% of measures were achieved through business Interviews, relating to 185 IO/DRs. The business interviews were telephone or face-to-face interviews with individuals from organisations in the private sector with direct experience of fulfilling each IO/DR. 6% of measures were achieved through the Expert Panel process, relating to 28 IO/DRs. Assessment, which involved the estimation of time and external costs involved in meeting IO/DRs by PwC staff familiar with the SCM methodology, was used for a relatively high proportion of measures (51%), but was largely used for requirements that were low cost and/or affected a small population. The proportion of the administrative cost accounted for by measurements carried out by Assessment for DCMS was less than 5%.

1.6 Overall results

The total administrative cost for DCMS is estimated as £374.7 million.

The majority of costs fall within the Tourism and Licensing Division (£198m/53% of the total administrative costs), and the Gambling Division (£74m/20% of the total costs).

Six regulations out of the 35 within the scope of this exercise account for approximately £313m (83%) of the total administrative costs. This high proportion of costs within a small number of regulations is specifically due to the Licensing Act 1964 which accounts for £146m (39%) of the overall DCMS costs.

A small number of IO/DRs account for a disproportionate share of total costs. 13 IO/DRs had an estimated cost of greater than £10m and account for £258m (69%) of the total administrative costs.

Information required to be supplied to a third party (i.e. to individuals or organisations that are not public sector bodies, for example employees or customers) (third party obligations) accounts for 21% of the total administrative costs, and information required to be supplied to a public sector body (non-third party obligations) accounts for 79%.

Overall, the proportion of the total administrative costs ascribed to the time taken to fulfil obligations (including overheads) is approximately 55%, and to the purchase of external goods and services is approximately 45%.

The largest proportion of IO/DRs (by volume) in the DCMS dataset (44%) is in relation to the Information Obligation type 'Applications for permission for or exemption from...' (which are predominantly applications for licences). This IO type also accounts for the largest proportion of administrative cost at 45%.

All but two regulations in the scope of this exercise are classified as domestic in origin and account for over 99% of the overall administrative costs for DCMS.

75% of respondents from business interviews, who commented, reported that they understood the purpose of DCMS regulation either very well or fairly well.

Telephone interviews provided some further qualitative information on approximately one quarter of IO/DRs within DCMS's dataset. Key opportunities identified for reducing administrative costs included simplification of requirements, provision of further regulatory support and the use of plainer English in regulation.

1.7 Conclusions

In interpreting the results emerging from the ABME it is important to understand the significance of the scale and distribution of the estimated costs for departments. Two key areas for focus are likely to be those regulations that require businesses to undertake activities connected with applying for permission and exemptions and those that require submitting returns and reports.

It is also important to take account of the Department's existing initiatives. When the Gambling Act 2005 comes into effect, it will replace all of the Gambling legislation examined in this report. DCMS and the Gambling Commission are in the process of writing and consulting upon a large number of statutory instruments and guidance that will create the regulatory framework for Gambling in the UK. The Licensing Act 2003 has replaced the Licensing Act 1964 examined in this report and has made progress in streamlining administrative requirements of this Act. However, DCMS may consider it appropriate to verify this by measuring the impact of the new Act in a way that is consistent with the ABME.

The scope for reducing the unit cost of transactions raises two questions to be considered:

Can the time it takes to fulfil obligations be reduced?

The majority of IO/DRs do not take a long time to fulfil, but there are seven which are estimated to take more than 100 hours to comply with and are driving 11% of the total administrative costs for DCMS. Four of these IO/DRs are those identified as having high unit costs detailed in section 3.3, and these mainly relate to requirements of the Betting, Gaming and Lotteries Act 1963. The Department needs to consider whether there are ways in which the costs of meeting each IO/DR can be reduced.

Can the need to purchase external costs be reduced?

Another way to lower unit costs is to reduce the need to purchase external goods and services as these are estimated to account for 45% of the total estimated administrative costs for DCMS. In the Betting, Gaming and Lotteries Act 1963 and Local Government (Misc. Provisions) Act 1982 there may be scope for reduction as external costs are estimated to account for 81% and 60% of the total costs for these regulations respectively. For the latter regulation, DCMS has ownership but is not generally the 'enforcer'. This means that DCMS would need to work with other public bodies to effect change.

Another potential area for consideration by the DCMS relates to quantity:

Can the quantity be reduced?

There are two ways in which the quantity can be reduced: by either reducing the number of affected organisations or by reducing the frequency with which requirements occur.

The majority of IO/DRs within scope of the ABME for DCMS do not affect a large number of organisations. However, there are 27 IO/DRs which affect more than 10,000 businesses. Whilst none of these take a long time to fulfil, nine of these have a cost of more than £10m specifically due to the high numbers of organisations that they affect. Overall, they contribute a significant proportion of the total administrative cost for DCMS. To address this area, the Department could consider the scope for streamlining the processes by which businesses are required to send new publications to deposit libraries, under the Legal Deposit Libraries Act 2003, especially considering there are plans to extend this regulation to include digital materials. A further example could be to reduce the frequency with which businesses are required to apply to the registration authority for the registration of societies to conduct lotteries, under the Lotteries and Amusement Act 1976. A change in frequency would impact significantly on quantity and therefore total estimated cost.

Administrative cost reduction could be achieved through reducing or simplifying regulatory requirements or reducing the complexity of regulation. This would potentially reduce the time it takes for organisations to familiarise themselves with new or changed requirements. The ABME suggested that this accounts for approximately 8% of administrative costs overall. For example, respondents commented that the Licensing Act 1964 was difficult to understand and suggested that the amended Licensing Act 2003 had not improved the situation.

In order to identify areas with the potential for successful burden reduction it is important to understand the extent to which administrative activities would be considered 'business as usual' if the legislation did not exist. The results of this exercise have not provided a definitive estimate of what proportion of DCMS administrative costs constitute 'business as usual' costs. Further investigation by DCMS would be required to determine the extent to which any IO/DR falls into this category.

The questions identified in this conclusion and the suggested approaches to reduce administrative costs provide 'food for thought' in the early stages of the next part of the broader initiative to identify and implement simplification plans. The key task now for DCMS is to use the evidence provided by the ABME to identify those areas where simplification activities can deliver tangible savings in terms of the administrative costs incurred by those businesses affected by DCMS regulation.

2 Introduction

This report describes the work which has been undertaken in relation to the Department of Culture, Media and Sport (DCMS) as part of the Administrative Burdens Measurement Exercise (ABME) which forms part of the Government's Administrative Burdens Reductions Project (ABRP).

This introductory Section is divided into three further parts:

- An explanation of the general background and objectives of the ABME and its relationship to both the ABRP and the Government's Better Regulation Action Plan (BRAP) followed by a description of the scope of the exercise, the timetable for the work and the roles and responsibilities of those involved in its delivery. A list of definitions is included within the glossary attached to the report.
- An overview of the regulations for which DCMS is responsible and which have been covered by the ABME.
- A summary explanation of the approach and methodology which have been adopted.

As part of the reporting for the ABME standard text has been agreed and used within this report.

2.1 Background

In March 2005, the report by the Better Regulation Task Force (BRTF), 'Regulation: Less is More', recommended that the Government should follow the example of the Dutch Government and use the Standard Cost Model (SCM) to measure the administrative costs caused by regulation and then to set targets for their reduction, focusing in particular on the burden.

This recommendation was readily accepted by the Government and, in May 2005, the Chancellor of the Exchequer launched the Government's Better Regulation Action Plan which included a commitment to undertake the measurement exercise. Subsequently, two related projects were launched:

- one project, led and coordinated by the Better Regulation Executive (BRE), which sits within the Cabinet Office, has assessed the administrative costs arising from the information obligations/data requirements (IO/DR) associated with the regulations of 16 government departments; and
- a parallel project, led by HM Revenue & Customs (HMRC), has assessed the administrative costs associated with the UK fiscal system, with a particular emphasis on understanding the impact on small firms.

2.1.1 Objectives

The ABME is of strategic importance. Government ministers have stressed the potential contribution that reductions in the burden of administration can make to reducing unnecessary costs facing the private sector and so driving improvements in productivity and, hence, economic performance. DCMS sees the identification and measurement of administrative costs as a necessary prelude to, and driver for, regulatory simplification, a broad term encompassing activities from consolidation and codification of

regulations to simplification of guidance. The ABME offers DCMS the opportunity to identify how changes to its regulations or the way in which it implements them in the future can help to reduce the cost to business of understanding and complying with them, and the time taken by enforcement officers to enforce them. If compliance rates can be increased at the same time as a result, this will deliver improved policy benefits, for example in terms of greater consumer protection or enhanced environmental protection. Reflecting this, the ABME aims to provide those involved in regulating or enforcing regulation with the ability to:

- understand the scale of the administrative costs imposed by regulation;
- identify opportunities to reduce the overall level of the costs;
- monitor future progress in reducing the costs and conduct international benchmarking of the costs in the UK;
- integrate better regulation practices into policy making to help create culture change across government; and
- improve relationships and dialogue between those who regulate and those who are regulated.

Experience from both the Netherlands and Denmark suggests that there is considerable benefit in conducting a measurement exercise even before considering a burdens reduction programme. Identifying and understanding where costs stem from and areas where the costs are particularly high allows departments to adopt a more strategic approach to regulatory reform.

2.1.2 Scope and timescale

The scope of the ABME is wide. It seeks to assess the administrative costs (as opposed to the policy/compliance costs) imposed on all parts of the private sector. This is taken to comprise businesses, charities and voluntary organisations³. The total administrative costs are calculated as the sum of the time related costs plus the expenses incurred in procuring the necessary external goods and services.

The ABME covers all regulations in force as of May 2005 and extends to cover all Whitehall departments and their related agencies and Non-Departmental Public Bodies (NDPBs). The exceptions are the Ministry of Defence, the Foreign & Commonwealth Office, the Department for International Development and the Cabinet Office: these departments have no regulations which fall within the scope of the ABME.

The measurement work reflected in this report was based on a snapshot of the administrative costs imposed by regulation as at May 2005. Since then, notably in May 2006, a number of changes have been made to the allocation of policy responsibilities across a number of government departments which affect departmental ownership of regulations. These changes have not been reflected in the reports but they will be reflected in departmental simplification plans.

Legislation for which devolved Governments in Scotland and Wales are responsible was not within the scope of the exercise. However, the project team interviewed businesses in Scotland and Wales where UK-wide regulation impacts on these areas.

Work on the ABME has been undertaken between September 2005 and May 2006.

2.1.3 Roles and responsibilities

Overall responsibility for initiating and coordinating the ABME has rested with the BRE within the Cabinet Office. The BRE's project team has been responsible for coordinating the work across departments, including the development and consistent application of the SCM. The overall management and direction of the project has been through a Project Board chaired by BRE with representation from a number of departments. Departments have been responsible for the provision of information relating to the

³ This is based on the definition of the private sector used by the Office for National Statistics for national accounts purposes.

regulations in scope, the validation and sign off of data and the sign off of their respective reports.

A consortium led by PricewaterhouseCoopers (PwC) and including legal experts from DLA Piper and Landwell has been responsible for implementing the project supported by the BRE and DCMS.

For the duration of the project, DCMS established a Reference Group to deliver these responsibilities. The group comprised senior officials from the department as well as the BRE and PwC. The role of the Group has been to ensure that the work undertaken is consistent with the methodology implied by the SCM and that key decisions are recorded.

In addition, DCMS created a Monitoring Group to review progress at key stages of the project. The Group comprised senior officials from the department, a member of the BRE's Administrative Burdens Reduction Team, several representatives from the private sector and a representative of PwC.

The report has been prepared by PwC using a common framework and guidance developed jointly with BRE and departments. The reports share the same structure and therefore this report includes generic text which has been agreed by the Project Board chaired by BRE. The report has been agreed with the department and the BRE.

2.2 Overview of regulation affecting the private sector

This Section provides an overview of the regulations for which DCMS is responsible and which have been covered by the ABME.

2.2.1 Scope and objectives of the department

DCMS is responsible for Government policy on the arts, sport, the National Lottery, tourism, libraries, museums and galleries, broadcasting, film, the music industry, press freedom and regulation, licensing, gambling and the historic environment. It is also responsible for the listing of historic buildings and scheduling of ancient monuments, the export licensing of cultural goods, the management of the Government Art Collection and the Royal Parks Agency.

The work of DCMS is driven by its aim to *"improve the quality of life for all through cultural and sporting activities, to support the pursuit of excellence and to champion the tourism, creative and leisure industries."*

The Department has four strategic priorities which support this aim, and around which it organises its work.

- **Children and Young People:** Further enhance access to culture and sport for children and give them the opportunity to develop their talents to the full and enjoy the benefits of participation;
- **Communities:** Increase and broaden the impact of culture and sport, to enrich individual lives, strengthen communities and improve the places where people live, now and for future generations;
- **Economy:** Maximise the contribution that the tourism, creative and leisure industries can make to the economy; and
- **Delivery:** Modernise delivery by ensuring that its sponsored bodies are efficient and work with others to meet the cultural and sporting needs of individuals and communities.

The Department's current Public Service Agreement (PSA) targets are:

- To enhance the take-up of sporting opportunities by 5-16 year olds so that the percentage of school children who spend a minimum of two hours each week on high-quality Physical Education (PE) and school sport, within and beyond the curriculum increases from 25% in 2002 to 75% by 2006 and 85% by 2008 (joint target with the Department for Education and Skills);
- To halt the year-on-year increase in obesity among children under 11 years by 2010, as part of the broader strategy to tackle obesity in the population as a whole (joint target with the DfES and Department of Health);

- To increase the take-up of cultural and sporting opportunities by people aged 16 and above from priority groups by 2008;
- To improve the productivity of the tourism, creative and leisure industries; and
- To achieve at least 2.5% efficiency savings on the Departmental expenditure limit and Local Authority spending on leisure and culture services from 2005-2008.

2.2.2 Departmental activities

The structure of the Department fits the Prime Minister's model of a strategic centre organised around the issues its delivery agents face on the ground. These delivery agents are the Non-Departmental Public Bodies (NDPBs) with which the Department has arms-length relationships. Some deliver services directly to the public on behalf of Government, for example, National Museums and Galleries; others give grants to cultural organisations and help provide the supporting infrastructure needed to ensure the cultural and sporting sectors thrive, for example, Arts Council England and Sport England.

2.2.3 Related agencies and NDPBs

DCMS is responsible for the following executive NDPBs, as well as six public corporations and advisory bodies:

Non-Departmental Public Bodies

Alcohol Education & Research Council

Arts Council England

Big Lottery Fund

British Library

British Museum

Churches Conservation Trust

Commission for Architecture and the Built Environment

Culture East Midlands

Culture North East

Culture North West

Culture South East

Culture South West

Culture West Midlands

Design Council

English Heritage

Football Licensing Authority

Gambling Commission

Geffrye Museum

Heritage Lottery Fund

Horniman Museum and Gardens

Horseshoe Betting Levy Board

Imperial War Museum

Living East

Millennium Commission

Museum of London Group

Museum of Science & Industry in Manchester

Museums, Libraries and Archives Council
National Endowment for Science, Technology and the Arts
National Gallery
National Heritage Memorial Fund (Heritage Lottery Fund)
National Lottery Commission
National Maritime Museum
National Museum of Science and Industry
National Museums Liverpool
National Portrait Gallery
Natural History Museum
Public Lending Right
Royal Armouries
Sir John Soane's Museum
Sport England
Tate Gallery
UK Film Council
UK Sport
Victoria and Albert Museum
VisitBritain
Wallace Collection
Yorkshire Culture

Public Corporations

British Broadcasting Corporation
Channel Four Television Corporation
Historic Royal Palaces
Horserace Totalisator Board (tote)
Office of Communications (Ofcom) (shared responsibility with the Department of Trade and Industry)
Welsh Channel Four Authority (S4C)

Other Bodies

Royal Household
Tyne and Wear Museums

Advisory Non-Departmental Public Bodies

Advisory Committee on Historic Wreck Sites
Advisory Committee on the Government Art Collection
Advisory Council on Libraries
England Marketing Advisory Board
Legal Deposit Advisory Panel
Public Lending Right Advisory Committee

Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest
 Spoliation Advisory Panel
 Treasure Valuation Committee

2.2.4 Key regulatory areas in scope

The main areas in which the Department's regulatory responsibilities are exercised, either directly by the Department or on its behalf, and in which their impact is felt by businesses, relate to the following policy areas:

Table 1: Regulatory areas covered by the project and businesses affected

Organisation area or Reporting Unit	Policy area	Type of regulation(s)	Type of businesses affected
Tourism and Licensing Division	Licensing	<ul style="list-style-type: none"> Licensing 	The latest triennial Liquor Licensing Statistics for 2004 show that there were 160,000 licensed premises – 113,400 on-licence and 46,600 off-licence – in England and Wales at that point.
Gambling Division	Gambling	<ul style="list-style-type: none"> Betting Gaming Lotteries National Lottery 	Wide range of businesses
Broadcasting Division	Broadcasting		<ul style="list-style-type: none"> Broadcasting Wireless/Communications
MCPD Division	Museums and Cultural Property	<ul style="list-style-type: none"> Legal deposit libraries 	<ul style="list-style-type: none"> Publishers
AHED Division and Cultural Property Unit	Architecture and Historic Environment and Cultural Property	<ul style="list-style-type: none"> Ancient monuments Cultural property 	<ul style="list-style-type: none"> Voluntary organisations Art exporters Auction houses
Films and Films Branch	Video and Film	<ul style="list-style-type: none"> Video recordings (Labelling) Films (Certification) 	<ul style="list-style-type: none"> Film production companies Video & DVD manufacturers
Sports Division	Sport	<ul style="list-style-type: none"> Football spectators 	<ul style="list-style-type: none"> Football grounds

Summary statistics relating to the regulations included within the scope of the measurement exercise can be found in Table 2.

None of the regulations involved are directly applicable EU regulations. The majority are directly applicable sections of UK Acts of Parliament.

Table 2: Number of regulations and information obligation/data requirements

	Number of regulations	Number of information obligation/data requirements (IO/DR)
DCMS / AHED	2	5
DCMS / Broadcasting	3	125
DCMS / CULTURAL PROPERTY UNIT	4	20
DCMS / Films	1	3
DCMS / Films Branch	1	10
DCMS / Gambling	10	207
DCMS / MCPD	1	2
DCMS / Other Miscellaneous	1	43
DCMS / Royal Estate and Ceremonial Branch - AHED	1	2
DCMS / Sports Division	1	6
DCMS / Tourism and Licensing Division	10	235
DCMS Total	35	658

Footnote: Table 2 shows the number of IO/DRs which have been measured as part of the project. In the vast majority of cases each IO has a corresponding DR which is unique: however, in a small number of cases, an IO has more than one DR, each of which has been measured separately.

The areas with the highest number of regulations are the Gambling, and Tourism and Licensing Divisions, although the Broadcasting Division has a high level of IO/DRs despite having relatively few regulations. It is also worth noting that a low number of obligations does not necessarily correspond to a low administrative cost, as described later in this report.

Legal mapping work identified that one regulation - SI 1994/1381 Ancient Monuments (Class Consents) Order 1994 - contains no IO/DRs and therefore did not form part of the measurement exercise.

2.2.5 Key linkages with other departments

Responsibility for two regulations listed in DCMS's dataset is shared with other departments – the Communications Act 2003 (Department of Trade and Industry) and Local Government (Misc. provisions) Act 1982 (Department of Health and Office of the Deputy Prime Minister). Specific IO/DRs were ascribed to the appropriate departments, and this is described in further detail later in this report.

2.2.6 Origin of regulations

Table 3 describes the origin of the departmental regulations agreed to be in scope at IO/DR level according to the classification scheme outlined in the SCM. There are three categories described as follows:

- Category A – obligations that are exclusively and completely a consequence of EU rules or other international obligations (i.e. the international rules describe which information businesses have to produce);

- Category B – obligations that are a consequence of EU rules and other international obligations where the purpose has been formulated in the international rules but where implementation has been left to individual Member States (i.e. the international rules do not describe which information businesses have to produce); and
- Category C – obligations that are exclusively a consequence of rules formulated at national level.

The origin classification for the majority of IO/DRs is domestic. Two regulations have originated from outside the UK; Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods (as amended) (no domestic discretion) and Export of Objects of Cultural Interest (Control) Order 2003 (some domestic discretion).

Fuller details of the classification and categories can be found in Section 3.6.

Table 3: Number of information obligation/data requirements by origin

		International, no domestic discretion (A)	International, domestic discretion (B)	Domestic (C)	Total IO/DR
	Number of regulations*	Number of IO/DR	Number of IO/DR	Number of IO/DR	
DCMS Total	35	2	2	654	658

Footnote: The table shows the number of IO/DRs which have been measured as part of the project. In the vast majority of cases each IO has a corresponding DR which is unique: however, in a small number of cases, an IO has more than one DR each of which has been measured separately

2.2.7 Description of the characteristics of the regulated organisations

DCMS's regulations cover a very wide range of different organisations and include small, medium and sole traders and large national and multi-national organisations. As their coverage is so broad, it is extremely difficult to suggest a figure for the total number of organisations and individuals in scope of the Department's regulations.

The policy area which has the largest affected number of business and individuals is licensing. DCMS holds departmental responsibility for the reform of **licensing law** relating to the supply of alcohol, the provision of regulated entertainment and the provision of late night refreshment in England and Wales.

The latest triennial Liquor Licensing Statistics from 2003 show that there were 160,000 licensed premises – 113,400 on-licence and 46,600 off-licence – in England and Wales at that point. The Licensing Act 2003 brought together in one statute the regulation of the use of premises for the three licensable activities set out above. The Government has estimated that there will be 1.6 million licensing processes over a ten year period under the new regime, compared to its estimate of 16.6 million processes in the same period under existing regimes.

Gambling, and specifically the Betting Gaming and Lotteries Act 1963, Lotteries and Amusement Act 1976 and Gaming Act 1968 represent a further key area of the Department's regulations. However, the **Gambling Act 2005**, which came into force after the May 2005 cut off point for this study, represents a significant change to previous legislation and, when implemented, will extend to the whole of Great Britain, although not generally to Northern Ireland.

More widely, DCMS has responsibility for **National Lottery** policy and sets the policy and financial framework within which the distributing bodies operate. It also sponsors the National Lottery Commission. The 15 independent distributing bodies responsible for awarding Lottery grants make their grant decisions independently of DCMS.

DCMS's role in **broadcasting** also has regulatory implications as the Department has the responsibility for setting the framework for public service broadcasting and ensuring that: the regulatory framework for

broadcasting fosters fair and effective competition; promotes high quality broadcasting from a diverse range of sources; provides a high level of consumer protection; and safeguards freedom of expression. DCMS is also responsible for setting the BBC licence fee and working with industry and consumer groups to achieve switchover from analogue to digital TV.

In other areas, DCMS has responsibility for **architectural design** quality and the identification, conservation and enhancement of the **historic built environment** in England (including, through English Heritage, the listing and scheduling of historic buildings and ancient monuments and protection of conservation areas).

Given this breadth of policy areas covered by regulations, the number of transactions across DCMS's regulations also varies greatly, from single one-off requirements such as sending a copy of the application for a licence to run an inter-track betting scheme to the police, to those which happen frequently such as delivering a copy of items upon publication to an address specified by each deposit library.

Whilst it will be those obligations with the highest populations (and in most cases therefore the highest costs) which have received most consideration, the Department also seeks to consider those obligations which place significant time and cost burdens on a small or perhaps niche sector of affected businesses. It is equally keen to consider the impact of costs on smaller businesses which in many cases will be much more significant in relative terms than for larger businesses.

2.3 Overall approach and methodology

This Section of the report summarises the activities carried out across the project in each of the three main phases of the ABME to apply the SCM:

- Phase 1 – Preparatory analysis;
- Phase 2 – Time and cost data capture and standardisation; and
- Phase 3 – Calculation, data submission and reporting.

A more detailed description of the steps undertaken can be found in the Technical Summary paper accompanying this report.

At the end of the Section, the bespoke project management information system, ABR.net used during the project is described and any methodological variations adopted by DCMS are set out.

2.3.1 Phase 1 – Preparatory analysis

Phase 1 primarily involved identifying and agreeing the regulations that affect the private sector and were within the scope of the ABME, breaking down the regulations ('mapping') into their constituent parts, categorisation of the information obligations (IOs) and data requirements (DRs) and broad identification of the sectors affected by each of the IO/DRs.

Identification of regulations in scope

For the purpose of the ABME, a **regulation** was defined as "a rule with which failure to comply would result in a business coming into conflict with the law or being ineligible for continued funding, grants and other applied for schemes"⁴. In effect, this definition covered all measures with legal force imposed by central government and other schemes operated by central government.

During September 2005, the department submitted a list of regulations to be used as the basis of the ABME. Validation and consistency checks were performed by the BRE and PwC to ensure that the list did not include:

- duplications (a regulation appearing on the list more than once);

⁴ A full definition of inclusions and exclusions within a regulation is defined in the Standard Cost Manual

- truncations (a single entry on the list, e.g. “One Act and 11 Statutory Instruments” when it should appear as 12 individual entries);
- omissions (regulations expected to be in scope and not on the list);
- mis-named or inappropriate regulations (e.g. the “Horse-Drawn Omnibus By-Laws”); and
- demarcation issues (regulations where the IO/DR might fall under the ambit of more than one department).

The list of regulations in scope was agreed in mid-October 2005. A full list of the regulations is provided in the spreadsheets accompanying this report.

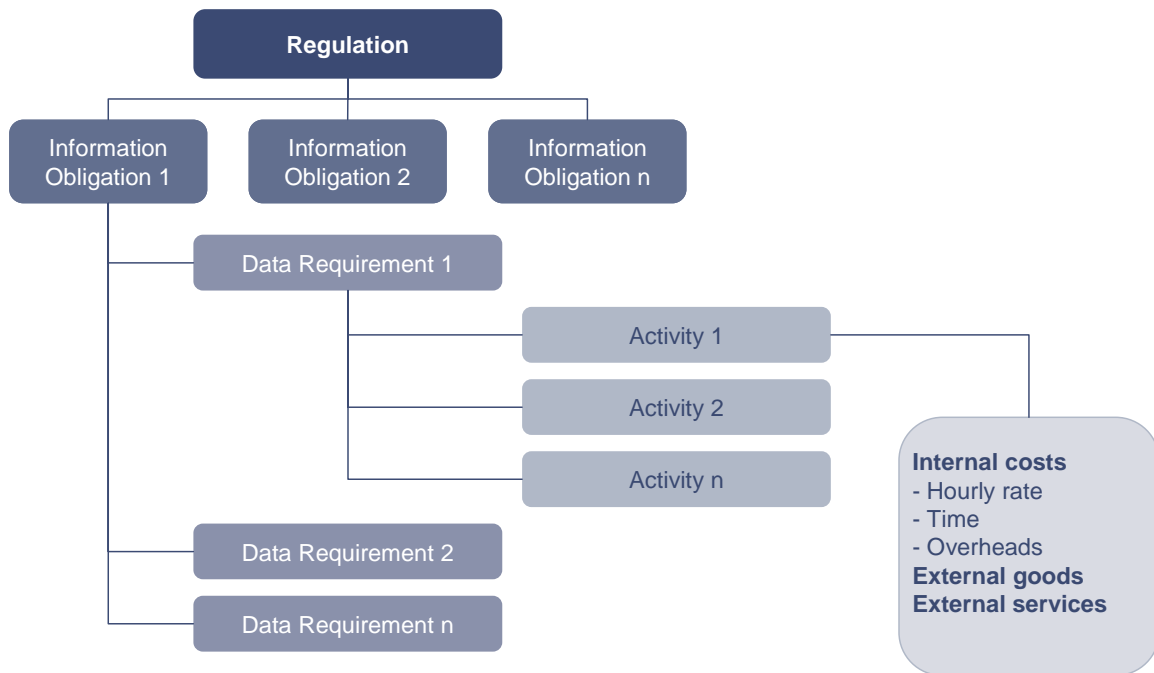
For most departments the list of regulations in scope was identified by mid-October 2005. A full list of the regulations is provided in the spreadsheets accompanying this report.

Mapping the regulations

The SCM provides a way of breaking down a regulation into a range of manageable components the costs of which can be measured. These components are essentially items of information that businesses, as a consequence of regulation, have to provide and submit to organisations typically within the public sector.

Each regulation was broken down (‘mapped’) into IOs and DRs (see Figure 1 below):

- An **information obligation** (IO) is a duty to procure or prepare information and subsequently make it available to a public authority or a third party, as well as a duty to facilitate the collection or preparation of information by others, e.g. by permitting and cooperating with an audit, visit or inspection. It includes regular requirements to read guidance and updated rules, for example rules which are updated annually. An IO does not necessarily require information to be sent to a public authority: it may also be directed towards third parties, such as consumers or employees. Each regulation may contain several IOs.
- Each IO consists of a range of different information or data that a business shall provide in order to be able to comply with the IO – these are the **data requirements** (DR). For example, as part of submitting its annual accounts (the IO), a business may need to supply a range of data such as a management report and endorsement or a balance sheet. Each IO may contain several DRs.

Figure 1: Breakdown of a regulation

Two legal firms, Landwell and DLA Piper, undertook the legal mapping process. This involved reviewing the regulations to identify IOs and DRs, and associated ancillary data such as frequency (the number of times that a business delivers an information obligation per year) as required by the SCM. As the legal mapping progressed supplementary guidance was developed to ensure that emerging issues that were not answered by the SCM were dealt with consistently across the project.

As each regulation was mapped and reviewed, the relevant data were input into ABR.net⁵. The PwC mapping team then undertook the process mapping which involved:

- developing 'plain English' descriptions of the IO/DRs identified by the legal team, to be used in the Phase 2 fieldwork;
- identifying the IO type largely based on the predetermined list outlined in the SCM:
 - 1 *Returns and reports* – e.g. details of pupil admissions to independent schools;
 - 2 *Applications for permission for or exemption from* – predominantly applications for licences e.g. to sell spirits;
 - 3 *Applications for authorisation* – to carry out certain activities e.g. authorisation as a sewer contractor;
 - 4 *Notification of activities* – e.g. notification to the local authority of the transportation of a dangerous cargo;
 - 5 *Entry in a register* – e.g. application for entry in the register of trademarks.
 - 6 *Carrying out inspections* – the business itself carrying out inspections of machinery and equipment that can represent a risk to health or the environment, or monitoring the conditions for employees;

⁵ A bespoke project management information system used as a repository of all data used in the ABME. See fuller description in S2.3.

- 7 *Applications for subsidies or grants* – e.g. a subsidy for job training;
 - 8 *Keeping commercial emergency plans and programmes updated, etc.* – including manuals and emergency plans;
 - 9 *Cooperating with audits/inspections* – informing and assisting inspectors who carry out inspections of and auditing work for a business, or who visit a business in connection with enforcement of a regulation;
 - 10 *Statutory labelling for third parties* – including labelling products or installations with consumer information, e.g. energy labelling of domestic appliances;
 - 11 *Providing statutory information for third parties* – e.g. a financial prospectus to accompany investment products;
 - 12 *Framing complaints and appeals* – submitting complaints about and (possibly later) appealing against a decision made by the authorities;
 - 13 *Keeping records* e.g. records of accidents incurred by staff in the workplace;
 - 14 *Carrying documentation* e.g. *cattle passports during transportation of herds*;
 - 15 *Agreeing contracts; and*
 - 16 *Requesting information.*
- grouping the DRs into logical groups suitable for interviews with businesses (see 'Implementation issues arising during Phase 1' below) – this created merged descriptions of an IO with some or all of its constituent DRs (termed IO/DRs);
 - categorising the IO/DR content, for example as accounting data or personnel data;
 - identifying the Standard Industry Classification 2003 (SIC) codes that describe the sector(s) affected by the IO/DRs to assist in the identification of suitable businesses to interview in Phase 2; and
 - defining the type of person likely to be responsible for complying with the IO/DR (e.g. Managing Director, Head teacher, Farmer): this information was used by the fieldwork team when contacting interviewees in Phase 2.

Departments initially provided information about the origin of each of the regulations on their lists (i.e. EU, international or domestic). It was subsequently determined, in discussion with the BRE, that it would be more appropriate to specify origin at IO/DR level. This analysis was carried out by a team at BRE and later validated with Departments during the process of agreeing datasets with PwC at the end of Phase 2.

Once the legal mapping was complete, the Departments reviewed the regulations to validate that relevant IO/DRs had been properly identified.

Preparation for fieldwork

During Phase 1, the telephone and face-to-face questionnaires to be used in Phase 2 were constructed, programming was undertaken for the call centre systems and other data collection materials (e.g. Expert Panel facilitation procedures) were prepared. The interview guides, which were designed to ensure uniform and consistent data collection, were tested during pilot interviews to ensure suitable results and structured to allow interviewees to answer the questions as fully as possible.

As part of the survey preparation, PwC's International Survey Unit (ISU) built a sample database with the functionality to allow storage of contact details, unique allocation of sample to interview bundles and tracking of contact details through the system. The database was populated with information (name,

address, telephone number) drawn from the Inter Departmental Business Register (IDBR), one Source, Dunn and Bradstreet and Sample Answers. All data were cleaned to ensure that all records were unique.

Departments submitted requests, clearly articulating the rationale, for 'non-standard' segmentation where alternatives to the standard segments were required (for example, small/micro/medium/large business size⁶). Appropriate non-standard segmentation was agreed where there was a prior reason for expecting significant differences in unit costs between different types of organisation. Only a small number of cases for specific segmentation were put forward by departments by the end of Phase 1.

In addition, departments were asked to provide details of the extent to which the use of forms underpinned each IO/DR and whether e-government solutions were available and how extensively they were used with the intention of being able to understand how the estimated administrative costs varied. In the event, only limited data were available systematically across departments and this has restricted the basis for analysis.

Allocation of data collection method

An algorithm was developed which provided the initial basis for determining the data collection method to be used to collect cost data for each IO/DR in Phase 2. The approach involved three stages:

- identification of priority items to be measured through the use of Expert Panels (particularly complex or unusual IO/DRs (i.e. infrequent) and/or where the population of organisations is small);
- identification of items to be measured by telephone or face-to-face interviews; and
- re-assignment of IO/DRs to different methods to bring the proportions measured through each method in line with BRE requirements.

Implementation issues arising during Phase 1

Three key issues arose during Phase 1 that impacted on the planned approach:

- queries regarding the interpretation of IO/DRs arose during the legal mapping: these were largely resolved through the cleansing of the list of regulations and the validation process
- the piloting of the draft telephone questionnaire clearly indicated that respondents generally found it easier to understand and provide information about their administrative activities in relation to IOs rather than DRs: this highlighted the importance of adopting a business centric approach to data collection during Phase 2 (i.e. one which reflected the business processes involved) and this reinforced the need to define IO/DRs which reflected the organisation of business processes⁷; and
- the piloting of the draft telephone questionnaire also identified that the number of questions needed to be restricted in order to retain the engagement and willingness to participate of interviewees: as a result, the 16 administrative activities identified within the SCM were grouped into seven sets of activities which enabled the interviews to be undertaken within the required timescale.

2.3.2 Phase 2 – Time and cost data capture and standardisation

Phase 2 of the project was concerned with collecting the data needed to calculate the total administrative costs which result from the regulations within the scope of the current exercise. There were three streams of activities during Phase 2:

- collection of unit cost data;
- completion of the identification, or estimation, of 'quantity'; and
- validation of the standard cost and quantity data.

⁶ The size bands used are those defined by the Small Business Service

⁷ This is also consistent with the experience of applying the SCM in the Netherlands

The collection of unit cost data

Application of the SCM involves applying activity based costing to determine the internal and external costs incurred by a 'normally efficient business' within the private sector as they fulfil each IO/DR⁸. This requires a series of calculations to be performed to establish the overall administrative costs for each IO/DR:

Administrative costs (£)	= Internal costs (£) + External costs (£)
Internal costs	= Price (£) x Quantity
	= (Wage rate (£) x Time (hours)) x (Population x Frequency)
External costs	= External services (£) + External goods (£)
External services	= Wage rate (£) x Time (hours)

Data on the time and external costs involved in meeting IO/DRs were collected as the basis for estimating unit costs using three different methods the first two of which seek the views of business stakeholders:

- Business interviews by telephone and face-to-face ;
- Expert Panels; and
- Assessment.

1. Business interviews

These were telephone and face-to-face interviews with individuals from organisations in the private, voluntary or charity sectors with direct experience of fulfilling each IO/DR. Interview guides were followed to ensure uniform data collection.

Telephone interview content passed through two phases of review:

- a preparation phase where content unsuitable for telephone interviewing was weeded out and consequently passed to another measurement route. In addition, checks were made on population size and sample availability. Again, where these were inadequate, IO/DRs were passed to another measurement route; and
- an in-field review phase during which areas not achieving interviews were reviewed and corrected as appropriate or were re-routed to other measurement routes.

Both review phases had the effect of reducing the number of IO/DRs which passed through telephone interviewing although further allocation of IO/DRs and recycling through the telephone interview process boosted the total number of interviews actually achieved.

A number of initial challenges with face-to-face interviewing required practical solutions to allow the methodology to progress:

- the inclusion of highly conditional IO/DRs meant that potential interviewees were often unable to cover all the IO/DRs scheduled to be covered by the interview. Consequently conditional content was removed from the face-to-face interviewing route; and

⁸ See paragraph on the validation of standard cost and quantity data for an explanation of how this principle has been applied.

- the time required to complete face-to-face interviews covering 6 IO/DRs often proved too great with the result that content was reduced to 4 IO/DRs per interview.

Despite these adjustments, the number of face-to-face interviews completed fell far short of initial projections.

In the final weeks of the project, PwC conducted additional fieldwork to gain greater business input for certain IO/DR. The results of this work were captured as face-to-face activity as the interviews were conducted following the face-to-face process rather than the scripted telephone survey although the interview itself was often carried out over the telephone (as distinct from the 'main' telephone interview process conducted by the International Survey Unit).

2. Expert Panels

Expert Panels were focus group sessions which brought together experts from both the private and public sector, generally with experience of providing and/or receiving the information associated with fulfilling different IO/DRs. Each Expert Panel typically involved an average of more than two private-sector experts and at least one public servant. In some cases, however, panels proceeded with fewer than two private sector experts and, occasionally, with no public servant present.

Virtual Expert Panels were conducted later in the project by telephone or by e-mail and differed from Expert Panels in that only private sector experts were consulted.

3. Assessment

Assessment was originally envisaged as a means of estimating costs in a limited number of cases where cost data proved difficult to obtain from business. In the circumstances, and as noted above, the business interviews highlighted a significant proportion of cases where there were obstacles to implementing the original approach successfully and efficiently. These arose at two stages: preparing for and undertaking the business interviews. As a result, the use of Assessment was extended in agreement with the BRE and the Project Board as a pragmatic adaptation of the original implementation plan in order to ensure that all IO/DRs were covered earlier in the process of fieldwork. Consequently this meant that more IO/DRs were measured by Assessment than originally envisaged.

Assessment involved the estimation of the time and external costs involved in meeting IO/DRs by PwC staff familiar with the SCM methodology. The estimates were based on an analysis of the IO/DRs, the forms required to fulfil the IO/DR (where available and appropriate) and the identification of administrative activities. Each Assessment was subject to review where the amount of time required exceeded 3 hours (equivalent to about £50), external goods and services were required and/or the population affected by the IO/DR was expected to be significant (over 50,000). In these instances, the Assessments were reviewed wherever possible by external business experts, PwC industry experts and/or departmental policy officials.

It is important to note, however, that Assessment has been used for those IO/DRs where:

- Difficulties were encountered with IO/DRs in the preparatory stage of business interviews, for example because of difficulties defining/identifying the affected organisations and limited numbers of potential interviewees;
- There were ongoing difficulties in achieving interviews for IO/DRs despite making numerous calls to potential interviewees; and
- IO/DRs have been on the agenda for an Expert Panel but have not been covered, for example because none of the experts was comfortable providing the required data.

In practice, Assessment has largely been used for IO/DRs that are low cost and/or affect a small population. The proportion of the administrative cost accounted for by measurements done by Assessment for DCMS is less than 5%.

Approach to estimating quantity (population)

The second element in the estimation of total administrative costs was the identification of quantity. Quantity is defined as either the number of businesses impacted by the regulation multiplied by the annual frequency of the activity undertaken to comply with the IO/DR or the annual number of transactions. During the ABME, PwC has worked with departments to identify the quantity per IO/DR. In many cases, it has been necessary to make estimates.

The process used to collect and/or estimate quantity involved:

- Definition of an appropriate information metric for each IO/DR which described the quantity to be identified (i.e. the 'number of...'). These fell into three categories:
 - sector-based e.g. number of companies of a certain type, number of people of a specified profession, number of entities;
 - third parties e.g. number of customers, number of pupils, number of employees; and
 - number of transactions e.g. number of licences, number of applications, number of products sold, number of requests for information, number of inspections.
- Existing quantity/population information provided by departments, statistical information sources from departmental/enforcement agency websites, ONS or other publicly available information were reviewed by PwC to identify available population/quantity data: the collection of readily available information sources with the required information from departments, such as annual reports or internal data sets.
- Relevant SIC (Standard Industry Classification) code data was used for sector based quantities where possible, although in practice, a large proportion of the IO/DRs were found to apply across sectors, or to groups of organisations that do not correspond to SIC codes, or have qualifying criteria attached to them which meant that SIC codes were insufficient (alone) to define population.
- The remaining information metrics were then provided to departments for the data to be identified; where necessary, an estimate of quantity based on banding was used.
- Departments checked and completed the quantity data in order to ensure that all IO/DRs contained either actual quantity data or an informed estimate.

The work to gather quantity data highlighted extensive gaps in knowledge about the number of organisations that are affected by an IO/DR, the frequency with which they are affected, the extent of non-compliance and the use of e-government solutions. As a result, many of the numbers used in the ABME are based on departmental estimates. The process involved a huge effort on the part of the departments with input from many policy officials and personnel in related agencies.

The validation of standard cost and quantity data

The consistency of the standard cost and quantity data generated was examined and assessed on a continuing basis in agreement with departments.

In order to ensure the credibility of the cost measures overall and, specifically, to maximise the likelihood that the standard costs would generally reflect those of a 'normally efficient business', there was a presumption that:

- the cost estimates would be derived through direct engagement with business, charities and the voluntary sector;
- efforts to achieve the appropriate cost measurements would be focused on those IO/DRs which were expected to be the most costly; and

- any outlying cost measurements would be removed from the estimation process.

Subsequently, three complementary methods were used to validate the estimated standard costs:

- The data underwent a continuous quality assurance process: since the bulk of the administrative costs were found to be concentrated in relatively few IO/DR, this process focused on those measurements which affect the IO/DRs with the largest total costs, unit costs or quantities. The aim of the process was to identify and address those quantities or costs that appear potentially anomalous.
- The unit cost estimates were subject to an agreed set of standardisation tests intended to identify any measures that should be excluded because they do not reflect the normally efficient business. This process involved analysing the evidence collected during fieldwork iteratively at two levels:
 - comparison between at least two (and possibly three) business measures gathered for any individual IO/DRs; and
 - comparison between IO/DRs with similar characteristics (e.g. the same IO type, linked to the same regulations, or involving provision of similar data).
- Departments were provided with sets of draft results and given the opportunity to raise challenges against them on various grounds, such as the use of Assessment, the appropriateness of the quantity used and the consistency of the fieldwork based measures.

Together, the three validation processes highlighted a number of issues:

- The need for non-standard segmentation: in some cases, the initial calculations highlighted the importance of ensuring that the measurements used reflect differences in unit costs between different segments of the affected population.
- The treatment of external costs: many of the highest costs were found to be driven by large external costs. As a result, the most important external costs were reviewed to ensure that they were both in scope and included in the calculation on an appropriate basis. In some cases, this required software and capital costs to be amortised. In other cases, it required costs to be excluded from the calculation altogether because they were out of scope.
- Inconsistencies between the measurement of quantity and the basis of the cost estimate: in some cases, the quantity and cost estimates were not consistent with one another (e.g. per transaction vs. per year) in which case either the quantities were adjusted or new measurements obtained.
- Allocation of costs to IO/DRs: in a number of cases the costs of meeting different but closely related IO/DR were double-counted (this was sometimes due to the structure of the regulations and their consequent mapping into IO/DR). In many of these cases new measurements were obtained or the mapping of the IO/DR refined.
- Duplication of the IO/DR: whilst reviewing the draft results, departments identified instances where IO/DRs were covered more than once in the calculations. In these instances, the mapping of the IO/DR was amended.

Implementation issues arising during Phase 2

Three key issues arose during Phase 2 that impacted on the planned approach:

- It proved difficult to achieve measurement data through business interviews and Expert Panels across all the IO/DR identified during the mapping: this was largely resolved by extending the use of Assessment, especially as it related to those IO/DRs which were expected to give rise to relatively small costs, to ensure that all IO/DRs were effectively covered.
- Fewer population and frequency data were readily available from departments than had been anticipated: as a result, an agreed approach to estimating the missing data was developed and

implemented in conjunction with departments.

- Fewer measurements of the administrative cost of particular IO/DRs were collected than envisaged within the SCM: as a consequence, the methods used to establish whether or not the standard cost estimates were those of a 'normally efficient business' were extended to include manual review as well as statistically based analysis.

2.3.3 Phase 3 – Calculation, data submission and reporting

Phase 3 of the project focused on processing the data collected in Phases 1 and 2 and the production of reports on the administrative costs imposed by the department's regulations on business.

Computation

In order to calculate the internal costs associated with meeting particular IO/DRs, a value was assigned to the time spent by different types of staff (including volunteers) working within the private sector based on data from the Annual Survey of Hours and Earnings (ASHE) collected by the Office for National Statistics. A common framework was used to categorise the different occupational types (identified in Phase 2 through data collection) involved in performing the activities, and a standard value of time was derived for each of the categories based on the median hourly wage rate (excluding overtime) across the United Kingdom in 2005.

The estimates of administrative costs were then generated using the validated data held on ABR.net to identify unit and total costs per regulation and IO/DRs. Further details of this process are provided in the Technical Summary document provided as an annex to this report.

Several iterations of the data set were produced during Phase 2 and provided to departments.

Interpretation of cost data

The estimates of administrative costs included in this report are based on the application of the SCM which is designed to produce consistent estimates and so enable measurements to be compared and targets for reductions to be set across government. The SCM relies on deriving estimates of the standard cost of meeting each IO/DR within a regulation for a 'normally efficient business'. Given the need to manage the overall costs of data collection while providing information about a very large number of IO/DRs, the SCM relies on the input of a limited number of experts and/or businesses. As such, it does not produce a statistically representative measurement of costs: instead, it is a pragmatic approach to measurement that gives an indicative estimate of the magnitude of costs which provide a starting point for setting reduction targets and highlighting the areas to focus upon.

In interpreting the cost estimates, it is important to recognise the implications of the three processes which have been applied to ensure that the cost estimates reflect those which are expected to be incurred by a 'normally efficient business'. Nevertheless, despite these processes, the nature of the SCM means that the cost estimates will inevitably be subject to significant margins of error, especially where they are based on small numbers of individual measurements. These concerns are likely to be most significant where:

- the number of external measurements which underpin the cost estimates is small;
- Assessment has been used without any external review, rather than stakeholder driven estimates, to determine the standard cost;
- unit costs vary significantly in practice between different segments, but the need for segmentation has not been identified by the department; and
- the activities which drive the costs are closely linked to those required to meet other, related or similar IO/DRs in which case there is the potential for double counting of costs.

Finally, in interpreting the results of the application of the SCM, it is important to recognise that the SCM

provides an estimate of administrative costs, of which administrative burdens are a part. The costs of some activities that business, charities and the voluntary sector would carry out regardless of regulatory requirements (business as usual costs) may be included. Equally some costs that may be regarded as associated with the underlying policy aim rather than being purely administrative may be included. Conversely, the costs of other administrative tasks, for example requirements that come from case law, are not included as they do not fit the SCM framework which is based on information obligations arising out of regulations. Looking forward, if the Government is to ensure that effort is focused on areas that business will feel the most benefit from, it will need to consider how to take into account business as usual costs in setting targets based on the estimates generated using the SCM.

Preparation of final reports

Following sign-off of the data by departments, PwC prepared departmental reports for approval by the departments and BRE.

The Phase 3 reports present the results of the ABME and give a detailed account of the method used and primary analysis of the data for each department.

Implementation issues arising during Phase 3

One key issue arose during Phase 3 that impacted on the planned approach. This related to the availability of robust and reliable data upon which to base an analysis of the estimated administrative costs by organisation size over and above that implied by the specific segmentation defined with departments. Such an analysis depended on being able to determine:

- how the unit cost of meeting each IO/DR varies by organisation size; and
- the number of times organisations of different size are required to fulfil an IO/DR each year.

The available evidence is, however, limited for two reasons:

- the nature of the SCM means that only a very limited number of measurements of unit costs have been collected for each IO/DR with the result that, except in the very few instances where segmentation was applied on the basis of organisation size and additional measures collected, there is no reliable empirical basis for determining any variations in unit costs by organisation size: the SCM effectively deals with this issue by determining a single average unit cost across all organisations; and
- departments' knowledge of the number of organisations impacted by an IO/DR is limited and their knowledge of the size distribution of organisations is even more limited, especially where there is an element of contingency involved in the IO/DR and/or the affected sectors are difficult to define: this means that critical assumptions would need to be made to bridge the gap in order to derive even indicative estimates of the administrative cost breakdown by organisation size.

In conclusion, therefore, the limitations of the available data mean that the results of any attempt to allocate costs by organisation size across all of the IO/DRs, not just those where segmentation has been implemented, would need to be interpreted with very great caution since it is evident that they are critically dependent on the assumptions that are made. For this reason, no such analysis is presented in the report although, for those departments where segmentation has been applied, these results are discussed separately.

2.3.4 The data repository

A bespoke project management information system, ABR.net, was used as the repository of all the data used in this project. Areas of functionality of the system were developed as the project progressed and included:

- input interface/tool for mapping of regulations into IOs and DRs, for categorisation of IOs and DRs;
- input of quantity and cost data;

- processing of IO/DR through an algorithm for allocation to the most appropriate fieldwork methodology;
- administration of face-to-face interviews and expert panels – allowing dates, locations and responsibility to be assigned to specific fieldworkers;
- capture and management of cost and quantity data;
- reporting of progress with mapping, validation and input of results;
- interface with the International Survey Unit for transmission of IO/DR data allocated to telephone and face-to-face interviews and receipt of telephone interview results and business interview recruitment results (for face-to-face interviews).

2.3.5 Implementation variations by department

For DCMS, 42% of measures were achieved through business Interviews, relating to 185 IO/DRs. The business interviews were telephone or face-to-face interviews with individuals from organisations in the private sector with direct experience of fulfilling each IO/DR. 6% of measures were achieved through the Expert Panel process, relating to 28 IO/DRs. Assessment, which involved the estimation of time and external costs involved in meeting IO/DRs by PwC staff familiar with the SCM methodology, was used for a relatively high proportion of measures (51%), but was largely used for requirements that were low cost and/or affected a small population. The proportion of the administrative cost accounted for by measurements carried out by Assessment for DCMS was less than 5%.

3 Administrative costs on business

3.1 Introduction

This part of the report contains the main results from the ABME for DCMS and consists of:

- an overview of the total administrative costs on business;
- an analysis of the most costly regulations;
- a breakdown of administrative costs by IO/DR type and by administrative activity;
- an analysis of the administrative costs broken down between obligations to third parties and non-third parties and between internal time costs (including overheads) and external purchases of goods and services;
- administrative costs by origin of regulation;
- a discussion of the significance of the distinction between administrative cost and administrative burden; and
- a discussion of the other, qualitative findings to emerge from the fieldwork.

3.2 Overview

The total administrative cost for DCMS is estimated as £374.7 million.

Table 4: Administrative costs – overview

	Total administrative costs	
	£ (million)	% of department total
DCMS	£374.7	100%

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

The majority of estimated administrative costs for DCMS fall within the Gambling, and Tourism and Licensing Divisions, which is as expected given these areas have the highest levels of regulatory requirements.

The administrative cost associated with the Tourism and Licensing Division is estimated to amount to £198m, representing 53% of the overall administrative costs for DCMS.

The estimated administrative costs associated with the Gambling Division amount to £74m, representing 20% of the overall costs for DCMS.

3.3 Most costly regulations

Table 5 sets out details of the most costly regulations for the Department. Of the 35 regulations for DCMS, six (17%) account for approximately 83% of the total administrative costs. The high costs of these six regulations are in part attributable to the inclusion of the most individually burdensome obligations for DCMS. Of the 658 IO/DRs for the Department, 13 IO/DRs (2%) have costs over £10m and together account for £258m (69%) of DCMS's total administrative costs. All 13 IO/DRs appear in the six most costly regulations for DCMS and six of these IOs/DRs appear in the highest cost regulation – the Licensing Act 1964.

25% of the cost attributed to these 13 highest cost IO/DRs is linked to three third party obligations in the Lotteries and Amusement Act 1976, Licensing Act 1964 and Betting Gaming and Lotteries Act 1963.

Approximately 55% of the cost attributed to these 13 highest cost IO/DRs relates to internal costs, which is in line with the statistics for the entire dataset.

28 IO/DRs, which represents 4% of the total number of IO/DRs, are estimated as costing between £1m - £10m. These account for £84m, which represents 22% of the Department's total administrative costs.

At the lower end of the scale 415 IO/DRs have a cost of under £1m (and more than £0) but account for only £33m, which represents just 9% of the total administrative cost for DCMS.

There are also 202 IO/DRs with a zero cost. The majority of these were considered highly contingent and therefore do not affect businesses, charities or voluntary organisations. These zero cost obligations appeared in 13 regulations, with the majority in the Betting, Gaming and Lotteries Act 1963, Development of Tourism Act 1969, Licensing Act 1964, the two Broadcasting Acts and the Communications Act 2003.

MCPD Division

Legal Deposit Libraries Act 2003

The most costly IO/DR in the DCMS dataset and the obligation which is driving the cost of the second most costly regulation; the Legal Deposit Libraries Act 2003, is 'delivering a copy of new publications to an address specified by each deposit library entitled to delivery (other than the British Library Board) and only upon written request by the library'. This obligation accounts for £34m of the total £53m for this regulation, which represents 9% of DCMS's overall administrative costs. This is due to a very high number of transactions, as every newly published printed book (including pamphlets, newspapers and magazines, sheet music or maps) published in the UK is requested by five deposit libraries. There are no external costs associated with this IO/DR.

The second IO/DR within this second most costly regulation for DCMS makes up the remainder of the cost for the Legal Deposit Libraries Act 2003 (£19m) and is the seventh most costly IO/DR in the DCMS dataset. The requirement is in relation to delivering copies of new publications to an address specified by the British Libraries Board. This cost is again due to the sheer volume of items published within the UK in any given year. There is also a small external services cost, which could be associated with courier services.

As shown in this regulation, it is worth noting that the number of IO/DRs does not necessarily indicate the level of costs imposed on businesses. This regulation has just two IO/DRs but represents 14% of the total administrative costs for DCMS.

Tourism and Licensing Division

Licensing Act 1964

The second highest cost DCMS IO/DR and the highest cost IO/DR for this regulation is the non-third party requirement in the Licensing Act 1964 - 'applying in writing for an occasional licence to be granted without a hearing, where two copies of the application are to be lodged with the designated officer for the justices not less than one month before the day or the earliest day for which an application is made'. The cost for this IO/DR is £28m, representing 19% of the Licensing Act costs and approximately 7% of the total estimated administrative cost for DCMS. This cost is mainly driven by a high number of charitable and

non-profit organisations applying for occasional licences and is also partly attributable to the requirement of external services to comply with this task.

There are a further 93 IO/DRs within this Act on top of that mentioned above and five of these impose a cost of more than £10m, which contribute to it being the highest cost regulation for DCMS with an estimated cost of £146m, representing 39% of the total administrative costs for DCMS. These IO/DRs have estimated costs of £23m, £21m, £16m, £11m and £11m respectively. These relate to applying for an occasional licence/special order of exemption/removal of a justice licence and displaying notices in relation to a children's certificate and permitted hours where a licence has been granted to vary the standard licensing hours.

Of the 94 IO/DRs within this regulation, only three (3%) are third party requirements and together are estimated to account for £28m in administrative costs, which represents 19% of the costs for the Licensing Act 1964.

This third party cost is mostly due to the fifth most costly IO/DR for DCMS - 'keeping posted in some conspicuous place in the area to which the certificate relates, a notice stating a children's certificate is in force in relation to the area and the effect of the certificate and of any conditions attached to it'. The time it takes to comply with this requirement is very high, resulting in the high cost associated with this IO/DR of £23m as stated above. No respondents reported requiring purchasing any goods or services for this IO/DR.

Overall, 47% of the estimated administrative costs for the Licensing Act 1964 correspond to internal time and overhead costs to comply with the requirements.

Local Government (Misc. provisions) Act 1982

The Local Government (Misc. provisions) Act 1982 also falls within this division and is the third most costly regulation within the scope of this exercise. There are 42 IO/DRs within this regulation, but the cost of £37m is mainly attributable to two IO/DRs in relation to applying for and renewing an entertainment licence. The administrative costs for these are £13m and £18m respectively and together account for 85% of the administrative costs for the Act, which represents a little over 8% of the overall DCMS administrative costs. Both of the costs for these non-third party IO/DRs can be explained by the high numbers of applications to obtain/renew these licences and external services charges required to comply with these requirements.

Gambling Division

Lotteries and Amusement Act 1976

The third most costly IO/DR is the third party requirement of putting information on every private lottery ticket in compliance with the Lotteries and Amusement Act 1976; the fifth most costly regulation for the Department. The estimated administrative cost for this IO/DR is £24m, representing almost 99% of this Act's costs and just over 6% of the total administrative costs for DCMS. The high cost is explained by a combination of it taking a large amount of time to meet this obligation, a high number of private lotteries that this obligation affects and the external cost of printing.

Betting, Gaming and Lotteries Act 1963

Also falling in this division is the Betting Gaming and Lotteries Act 1963, which is the fourth most costly regulation and contains the high cost IO/DR - 'exhibiting any other prescribed information and notices on the licensed premises', imposing an estimated £18m in administrative costs on the private sector. This represents 61% of the administrative costs for this regulation and just less than 5% of the administrative costs overall.

Broadcasting Division

Communications Act 2003

The Communications Act 2003 is the sixth highest cost regulation for DCMS, largely driven by the cost of the requirement in relation to applying for a licence to install and/or use a television receiver. This is the

fourth most costly IO/DR with an estimated cost of £23m, representing 97% of the costs for the Act and 6% of the administrative costs overall. The high costs are associated with a high number of businesses affected by the obligation.

Table 5: Top 6 regulations by total administrative costs

Regulation	Total administrative cost	
	£ (million)	% of department total
Licensing Act 1964	£146.1	39%
Legal Deposit Libraries Act 2003	£53.1	14%
Local Government (Misc. provisions) Act 1982	£36.9	10%
Betting Gaming and Lotteries Act 1963	£28.8	8%
Lotteries and Amusement Act 1976	£23.9	6%
Communications Act 2003	£23.7	6%
Top 6 Total	£312.5	83%
DCMS Total	£374.7	100%

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 6 provides an indication of the range of costs of IO/DRs in each of the highest cost regulations for DCMS. Each regulation has a wide range of costs, but the majority of the costs are accounted for by a relatively small number of high cost IO/DRs.

Table 6: The distribution of administrative cost by IO/DR within the top 6 regulations

Regulation	Total administrative cost by regulation £ (million)	Distribution of administrative cost £ ('000)			Number of IO/DR
		Minimum cost IO/DR	Median cost IO/DR	Maximum cost IO/DR	
Licensing Act 1964	£146.1	£0	£11	£28,159	93
Legal Deposit Libraries Act 2003	£53.1	£18,701	£26,551	£34,400	2
Local Government (Misc. provisions) Act 1982	£36.9	£0	£46	£18,035	42
Betting Gaming and Lotteries Act 1963	£28.8	£0	£0	£17,676	111
Lotteries and Amusement Act 1976	£23.9	£0	£0	£23,600	17
Communications Act 2003	£23.7	£0	£0	£23,010	43
Top 6 regulations	£312.5	£0	£1	£34,400	308
DCMS Total	£374.7	£0	£1	£34,400	658

Footnote: The minimum cost IO/DRs is derived after excluding all those IO/DRs defined within Phase 1 where the administrative costs have been measured as part of a group of related IO/DRs.

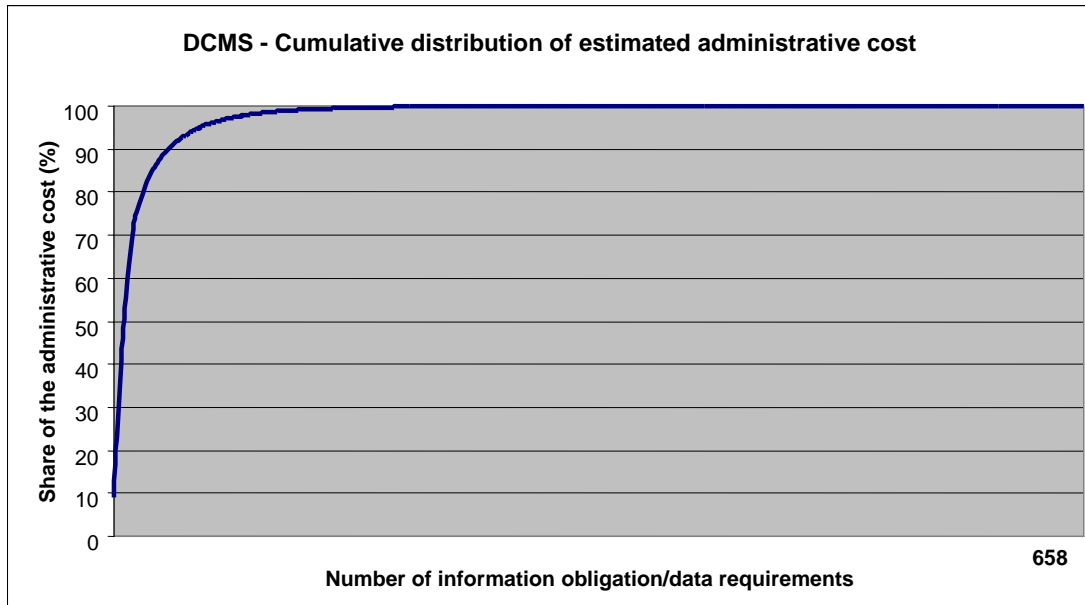
Footnote: The median is the 'middle value' in a list or series of numbers. When the totals of the list are odd, the median is the middle entry in the list after sorting the list into increasing order. When the totals of the list are even, the median is equal to the sum of the two middle (after sorting the list into increasing order) numbers divided by two.

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

For the Department as a whole, Figure 2 shows the cumulative distribution of the estimated administrative cost by IO/DR. It shows that 80% of the estimated administrative cost arises from the 21 most costly IO/DRs but only 2% of the cost derives from the 558 least costly IO/DRs.

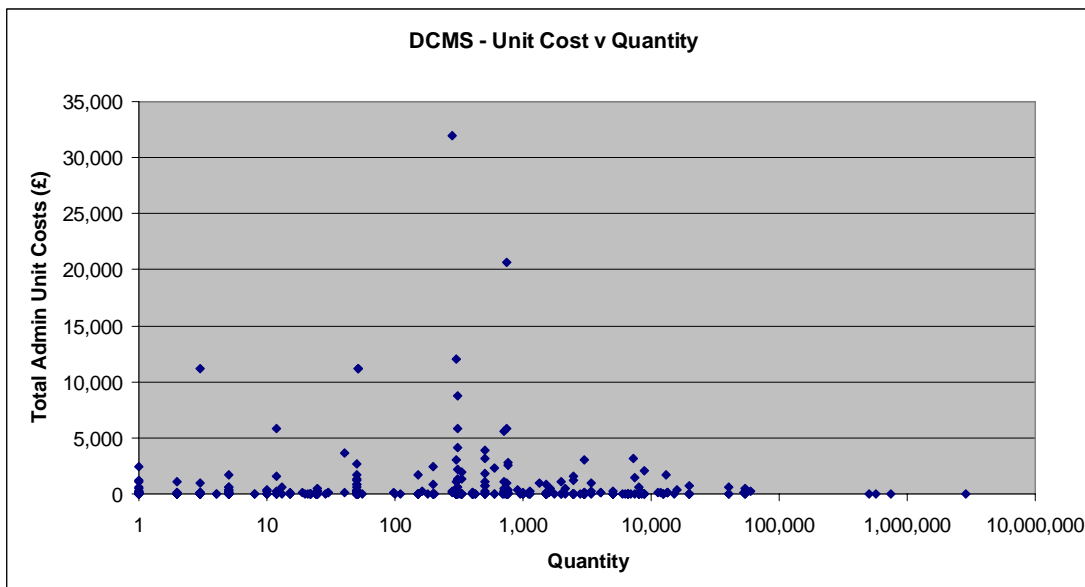
Interestingly, approximately 50% of the estimated administrative costs arise from just seven most costly IO/DRs.

Figure 2: Cumulative distribution of estimated administrative cost



- Figure 3 below, also for the department as a whole, shows the distribution of the unit cost and quantity associated with each IO/DR.

Figure 3: Unit cost v quantity



This graph shows that:

- A few outlying IO/DRs have a significant estimated unit cost (the majority of these have an external goods or services cost associated with them).
 - The IO/DRs with the third highest unit cost relates to the tenth highest total cost IO/DR for DCMS of ‘displaying a notice of permitted hours within the premises where a licence has been granted to vary standard licensing hours and detailing’ (Licensing Act 1964).
 - There are another five IO/DRs with particularly high unit costs of more than £12,000. These however have relatively small total costs as the quantities that they affect are low. These are as follows:
 - ‘applying for a provisional grant or removal of a justices’ licence by depositing, instead of plans of the premises, a plan sufficient to identify the site of the premises, together with such description of the premises as will give a general indication of their proposed size and character’ (Licensing Act 1964);
 - ‘ensuring that you, as the operator, send two copies (or more if required) of the audited accounts of a dog track totalisator to the licensing authority’ (Betting Gaming and Lotteries Act 1963);
 - ‘providing a statement of accounts to the accountant by you, the operator, within 7 days after the end of each month. Any amounts carried over between races must note the races to which they relate and the dates thereof and the statement must give all such information as the accountant requires for the purposes of ascertaining whether Schedule 5 has been complied with’ (Betting Gaming and Lotteries Act 1963);
 - ‘providing the appointed accountant with accounts, books and other documents as part of their inspection of the totalisator’ (Betting, Gaming and Lotteries Act 1963); and
 - ‘allowing an inspector appointed by the licensing authority to enter and inspect the sports ground (where different from authorised person) and make inquiries relating to the ground as he considers necessary and allow the inspector to examine the safety certificate and any records kept under the Safety of Sports Grounds Act 1975 and take copies of such records’ (Football Spectators Act 1989). DCMS is already planning to investigate these high costs further.
- A few outlying IO/DRs have a significant estimated quantity. There are four IO/DRs which affect 500,000 or more businesses. This includes the estimated most costly IO/DR for DCMS and all four of these obligations impose a total administrative cost of greater than £10m. These are as follows:
 - ‘delivering a copy of the following types of work upon publication to an address specified by each deposit library entitled to delivery (other than the British Library Board) and only upon written request by the library’ (Legal Deposit Libraries Act 2003);
 - ‘applying for a special order of exemption by the licence holder to the justices of the peace and ensuring that this includes 2 copies of the application 1 month before the order is to start’ (Licensing Act 1964);
 - ‘delivering copies of the following materials upon publication to an address specified by the British Libraries Board’ (Legal Deposit Libraries Act 2003); and
 - ‘applying for a licence to install and/or use a television receiver’ (Communications Act 2003).
- A large proportion of IO/DRs have low unit costs and high quantities.

3.4 Administrative costs by IO type and by administrative activity

During Phase 1, each IO/DR was classified using a standard list of 16 IO types, for example applications for authorisation or complying with inspections. A full list of IO types and their definitions can be found in Section 2.3.1. Table 7 provides a breakdown of the total number of IO/DRs in each of the 16 categories and the total administrative cost associated with each IO type.

The IO types in Table 7 have been listed in order of the total cost by IO type, with the highest % shown first.

Key results from the analysis of the types of obligations within DCMS's dataset are detailed below:

- 289 IO/DRs out of the 658 IO/DRs for DCMS (44%) relate to 'Applications for permission for and exemption from...' (which are predominantly licence applications) and are estimated to account for 45% of the total administrative costs for DCMS.
- 68 IO/DRs (10% of the total number of IO/DRs) relate to 'Returns and Reports' and are estimated to account for 15% of the total administrative costs.
- 53 IO/DRs relate to 'Providing statutory information for third parties'. This represents 8% of the total number of IO/DRs and is estimated to account for 13% of the total administrative costs for DCMS.
- The remaining obligation types each represent less than 10% of the overall indicative estimate of administrative costs.
- The majority of administrative costs in the six highest cost regulations for DCMS are attributable to 'Applications for permission for and exemption from...' accounting for just under £155m. This represents 50% of the combined cost of £313m for these six regulations. Other IO/DR types having an impact on these costs are 'Returns and Reports' estimated to account for £54m (17%) of the total cost for these six regulations, (which is almost totally due to the Legal Deposit Libraries Act 2003 obligations), and 'Providing statutory information for third parties', accounting for an estimated £46m (15%).

Table 7: Total administrative costs by IO type

IO type	Number of IO/DR		Total cost	
	Number of IO/DR	% of total number of IO/DR	Total cost by IO type £ (million)	% of total department cost
Applications for permission for or exemption from...	289	44%	£169.9	45%
Returns and Reports	68	10%	£54.5	15%
Providing statutory information for third parties	53	8%	£47.3	13%
Statutory labelling for the third parties	10	2%	£30.3	8%
Applications for authorisation	59	9%	£26.2	7%
Notification of activities	57	9%	£20.8	6%
Cooperating with audits/inspections of...	49	7%	£11.8	3%
Applications for subsidies or grants for...	19	3%	£9.3	2%
Entry in a register	7	1%	£3.1	1%

IO type	Number of IO/DR		Total cost	
	Number of IO/DR	% of total number of IO/DR	Total cost by IO type £ (million)	% of total department cost
Keeping records	20	3%	£1.3	0%
Framing complaints and appeals	25	4%	£0.3	0%
Carrying documentation	1	0%	£0.0	0%
Carrying out inspections of...	1	0%	£0.0	0%
Agreeing contracts	0	0%	£0.0	0%
Other	0	0%	£0.0	0%
Requesting information	0	0%	£0.0	0%
Updating commercial emergency plans & programmes	0	0%	£0.0	0%
Total	658	100%	£374.7	100%

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 8 below provides an analysis of administrative costs broken down between internal time costs and external costs of goods and services. The internal costs are the staff time taken to carry out each administrative activity (i.e. the number of hours/minutes spent on an administrative activity) multiplied by the hourly pay for the appropriate occupation group that performs the activity with overheads added. Overheads are those costs that relate to fixed administration costs, such as expenses for premises (rent or building depreciation), telephone, heating, electricity, IT equipment, etc. These are calculated by applying a standard percentage mark-up (30% of the time based costs). External costs relate to the purchase of goods or services purchased specifically to fulfil the requirements of a regulation.

Table 8: Summary administrative costs showing internal time, overheads and external costs

Activity	Total	
	£ (million)	% of total department cost
Internal time costs	£159.9	43%
Overheads	£48.0	13%
External Costs	£166.9	45%
Total administrative costs	£374.7	100%

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

In collecting information about the time taken to complete obligations, the overall time taken was broken down between seven groups of administrative activities based on those identified within the SCM. These apply to each of the 16 IO types. They include, for example, familiarisation with the data requirements

and holding meetings. Table 9 shows the total internal time costs for each activity type.

Table 9: Internal time costs by standard activity type

Activity	Total	
	Reporting unit	
	£ (million)	% of total internal time cost
Reporting (including written descriptions, copying, filing, distributing or submitting info / reports)	£49.8	31%
Familiarisation with requirements	£29.1	18%
Gathering and assessing relevant information / figures	£27.5	17%
Making Settlements or Payments	£17.2	11%
Holding meetings	£13.1	8%
Preparing figures (including calculating, presenting, checking and correcting)	£12.0	7%
Inspections	£11.2	7%
Total internal time costs	£159.9	100%

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

It is estimated that 56% of DCMS's costs relate to internal costs (including overheads of 30%). Of the specific activities required to fulfil an obligation, the highest proportions of internal time and cost were associated with 'reporting (including written descriptions, copying, filing, distributing or submitting info/reports)'. The activities of 'gathering and assessing relevant information/figures' and 'familiarisation with requirements' also represented fairly high proportions of internal time. Given the nature of the exercise and the fact that the SCM measures the cost of providing information this is perhaps not surprising as many of the IO/DRs will require organisations to assemble the relevant information and to put it into some form of report for provision to another party.

Less than 45% of the Department's costs relate to the purchase of external goods and services in order to complete the obligation. These costs relate to goods and services such as postage, printing, IT software, specialist equipment and professional services.

In addition, during Phase 1, each IO/DR was flagged according to whether or not it involved form-filling activities where it was possible to identify this. A variety of approaches were used to establish whether or not standard forms were used: where a regulation specifically identified that a standard form must be used; forms sourced and supplied by the Department or its enforcement agencies; and where forms were identified through internet research by a dedicated PwC team. In practice, however, it was probably not possible to identify all standard forms, especially where regulations are implemented at regional or local levels. Overall, the percentage of IO/DRs flagged as involving form-filling within DCMS is less than 2%: however, it seems likely that this figure understates the actual level of form-filling activity.

3.5 Administrative costs by third party/non-third party and internal/external categories

This Section provides a breakdown of administrative costs between third party and non-third party obligations. Third party obligations are those that are owed exclusively to third parties (i.e. to individuals or organisations that are not public sector bodies, for example employees or customers). Non-third party obligations are those that are owed totally or partially to government departments or agencies (including

law enforcement, local government, emergency services, courts etc).

As displayed in Table 10 below, non-third party regulation accounts for 79% (£297m) of the indicative estimate of administrative costs for DCMS and third party regulation accounts for 21% (£78m).

This table also provides a breakdown between internal costs (i.e. associated with the staff cost of the time taken to carry out a particular activity) and external costs (such as the purchase of goods or services purchased from outside the business, specifically to fulfil the requirements of a regulation).

The proportion of the indicative estimate of administrative costs ascribed to the purchase of external goods or services is fairly consistent for both non-third and third party regulations, and as stated in the previous section accounts for approximately 45% overall.

Table 10: Administrative costs- breakdown by third party/non-third party and internal/external categories⁹

	Third party			Non-third Party			Total administrative costs		
	Internal cost %	External cost %	Total £ (million)	Internal cost %	External cost %	Total £ (million)	Internal cost %	External cost %	Total £ (million)
DCMS Total	60%	40%	£78.3	54%	46%	£296.4	55%	45%	£374.7

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

3.6 Administrative costs by origin

Table 11 provides an analysis of the estimated administrative costs of the department's regulations broken down by the origin of the regulation. In particular, the table distinguishes three broad categories of obligation:

- Category A – obligations that are exclusively and completely a consequence of EU rules or other international obligations (i.e. the international rules describe which information businesses have to produce);
- Category B – obligations that are a consequence of EU rules and other international obligations where the purpose has been formulated in the international rules but where implementation has been left to individual Member States (i.e. the international rules do not describe which information businesses have to produce); and
- Category C – obligations that are exclusively a consequence of rules formulated at national level.

Furthermore, in Table 12, for Categories A and B, a distinction is made between regulations which derive from an EU-Directive, and EU-Regulation and other international rules.

The significance of the classification by origin lies in its implications for how far the department can influence directly the administrative costs and burden, especially in the short term.

⁹ A third party is any other person or organisation that is not a public sector body, for example employees, consumers, parents and other stakeholders. For the purposes of the definition, a public sector body is a government department or agency (including law enforcement, local government, emergency services etc), a court, a government funded school or other educational institution. Where an IO/DR refers specifically to an inspector but does not clarify who the inspector might be, it is deemed to refer to a public sector body. For the purpose of distinguishing third party and non-third party administrative costs, an obligation to a third party arises only if it is exclusively owed to third parties (e.g. parents). Therefore, there are some obligations that apply to third parties that are not flagged as such because they also apply to public sector bodies.

The majority of IO/DRs (654) are classified as category C – domestic in origin. This represents over 99% of the total indicative estimate of administrative costs for DCMS.

There are two IO/DRs which are categorised as A – international, no domestic discretion, but these do not have a large impact on the total cost for DCMS and are reported to account for less than 1% of costs overall. Both IO/DRs fall under the EU regulation - Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods (as amended). The requirements are in relation to requesting an export licence for the export of cultural goods outside the territory of the Community and presenting an export licence and export declaration at the Customs Office upon the export of cultural goods outside the customs territory of the Community.

There are two IO/DRs which are categorised as B – international, domestic discretion, and again these have even less of an impact on the total administrative costs for DCMS, again reported to account for less than 1% of costs in total. Both IO/DRs are within the EU regulation; Export of Objects of Cultural Interest (Control) Order 2003, and the requirements are in relation to providing, within such time as the Commissioners of Customs and Excise determine, details of the destination to which the objects or goods of cultural objects were exported or shipped and obtaining a licence from the Secretary of State for the exportation of objects of cultural interest to any destination from the UK (except the Isle of Man).

The four international obligations detailed above all originate from EU regulation.

Table 11: Administrative costs by origin

	International, no domestic discretion (A)		International, domestic discretion (B)		Domestic (C)		Total £ (million)
	£ (million)	% of Department total	£ (million)	% of Department total	£ (million)	% of Department total	
DCMS Total	£0.4	0%	£0.1	0%	£374.2	100%	£374.7

Note: % shares sum to 100 for each row not column

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 12: Administrative costs by sub category by origin

	International, no domestic discretion (A)				International, domestic discretion (B)				Domestic (C)
	1: EU Regulation £ (million)	2: EU Directive £(million)	3: Other international £ (million)	% for type A	1: EU Regulation £ (million)	2: EU Directive £(million)	3: Other international £ (million)	% for type B	% for type C
DCMS Total	£0.4	£0.0	£0.0	0%	£0.1	£0.0	£0.0	0%	100%

Note: The percentage shown is the proportion of the admin cost for type A,B and C as a proportion of the admin cost for the department overall i.e. by row.

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 13 shows the percentage origin for the top 6 regulations in the department.

Table 13: Percentage administrative cost by origin for the top 6 regulations

Regulation	Total administrative cost		% Cost by origin		
	£ (million)	% of department total	A	B	C
Licensing Act 1964	£146.1	39%	0%	0%	100%

Regulation	Total administrative cost		% Cost by origin		
	£ (million)	% of department total	A	B	C
Legal Deposit Libraries Act 2003	£53.1	14%	0%	0%	100%
Local Government (Misc. provisions) Act 1982	£36.9	10%	0%	0%	100%
Betting Gaming and Lotteries Act 1963	£28.8	8%	0%	0%	100%
Lotteries and Amusement Act 1976	£23.9	6%	0%	0%	100%
Communications Act 2003	£23.7	6%	0%	0%	100%
Top 6 Total	£312.5	83%	0%	0%	100%
DCMS Total	£374.7	100%	0%	0%	100%

Note: % cost by origin is by regulation i.e. by row

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

3.7 Administrative cost vs. administrative burden

This project has focused on deriving an estimate of the administrative costs incurred by businesses as they comply with the IO/DRs within the department's regulations. As the SCM recognises, not all of these costs represent an administrative burden (that is they reflect the cost of those administrative activities that businesses sustain simply because it is a requirement of regulation). Thus, the administrative costs will include some element of cost which a business might expect to incur regardless of whether a regulation exists. This has important implications for the interpretation of the measurements resulting from the application of the SCM.

As part of the businesses interviews, respondents were asked about the processes they used to fulfil each IO/DR and for their views as to whether or not they would undertake the activities anyway for their own business purposes or in order to meet other obligations arising from government regulation. Whilst these responses need to be treated with some caution, for example because the interviews covered only a proportion of the IO/DRs which are within scope of the exercise, they do provide an insight into the extent to which the costs which have been measured represent an administrative burden, rather than the 'business as usual' costs.

During business interviews, this information was collected for approximately half of the DCMS regulations, and for one quarter of IO/DRs.

Interviewees were asked the question: 'If you did not need to prepare and provide the information for this obligation, would your organisation prepare and/or provide some/any of the information or data you gather for this obligation for any other organisational purpose?' Of the responses given, approximately 3% of answers were 'yes to a large extent' and approximately 8% were 'yes to some extent'. (28% of responses were 'no' and 61% of responses were either 'Don't know' or 'Did not answer').

It is worth noting that for the majority of IO/DRs commented on, there was a variation of opinion as to whether the requirements were 'business as usual' costs or not. For example, the same number of respondents answered 'no', 'yes to a large extent' and 'yes to some extent' to the question above in relation to the obligation of 'displaying a notice of permitted hours within the premises where a licence has been granted to vary standard licensing hours and detailing' under the Licensing Act 1964. Taking this mixture of responses into consideration and the fact that there were a limited number of respondents who gave a definitive answer to this question for each IO/DR, the results do not significantly highlight any one IO/DR or regulation which could be categorised as solely a 'business as usual' cost.

Interviewees were also asked: 'Does your organisation prepare and/or provide any of the information or data you gather for this obligation for any other government purpose (i.e. Department or Regulator)?' Of

the responses given, approximately 7% of answers were 'yes'. (32% of responses were 'no' and 61% of respondents did not know or did not answer).

As with the question above, there was a variation of perceived administrative burden between organisations for the majority of IO/DRs, and for each regulation where respondents suggested that some elements were carried out for another government purpose, the same number or more respondents suggested this was not the case. From these results no individual IO/DRs can be classified as solely being carried out for another government purpose.

The results of this exercise have not provided a definitive estimate of what proportion of DCMS administrative costs constitute 'business as usual' costs. Further investigation by DCMS would be required to determine the extent to which any IO/DRs fall into this category.

3.8 Other findings

Besides the quantitative information used to underpin the estimates of administrative costs, the business interviews undertaken both over the telephone and face-to-face have been used to obtain insights into businesses' understanding of the purpose of regulation and their views on how easy (or difficult) they find it to meet the administrative obligations which arise from the department's regulations and more generally on regulation. In interpreting these responses, it is important to recognise that the interviews do not cover all of the obligations which have been measured as part of the exercise since two other approaches to measurement have been used, Expert Panel and Assessment. As a consequence, the responses may be affected by unknown biases.

In total approximately 170 qualitative comments were recorded from the business interviews conducted on DCMS's regulations. These covered approximately one quarter of the IO/DRs within the scope of the ABME. This section provides a summary of those comments under three headings:

- interviewees' awareness of their responsibilities;
- the key irritation factors raised by business; and
- the opportunities identified by business for reducing administrative costs and burdens.

Awareness of responsibilities

The requirement to comply with DCMS regulation was recognised as being time consuming, but necessary in the majority of cases, for example the health and safety requirements of the Football Spectators Act 1989 and the Development of Tourism Act 1969. A few respondents implied that once they adopted a routine to deal with the obligations, and were kept up to date with the regulations, they were more manageable. For example, a handful of comments were made in relation to the straightforwardness of the Betting, Gaming and Lotteries Act 1963.

Overall, most respondents reported that they understood the regulations at least 'fairly well'. Areas where this was less apparent included the Development of Tourism Act 1969, the Gaming Act (Regulations under part III) Regulations 1969 and the Local Government (Misc. Provisions) Act 1982.

Key irritation factors raised by business

Many interviewees voiced concerns about the demands regulations impose on them and the issues they have with regulation.

Volume of regulation

The main areas of complaint raised were with the volume of regulation and the extent of the administrative activities required of businesses to understand and fulfil regulatory requirements. These were seen as difficult and time consuming. Major sources of frustration were with parts of the Licensing Act 1964, Films (Certification) Regulations 1985, Wireless and Telegraphy Act 1967, Gaming Act 1968, and Gaming Clubs (Licensing) Regulations 1969. All were deemed bureaucratic and expensive to meet the administrative requirements; however, comments were not very specific and did not include proposals for resolution.

Complexity of regulation

The complexity of regulation was also an area for dissatisfaction identified by respondents, specifically in relation to the Licensing Act 1964. Several businesses commented on their difficulty in understanding the requirements of this regulation and mentioned that it had not improved since the new regulation came into force (although there was recognition that the amended legislation should reduce the time spent on paperwork). There was a demand to use more plain English within regulation and to reduce the amount of jargon used.

Duplication of information provision

Some businesses reported what they considered to be a large degree of unnecessary repetition as they had to provide similar information multiple times to different authorities. For example, more consistency between regulators was suggested to comply with the requirements of the Cinemas Act 1985 and a similar point was made in relation to the Betting, Gaming and Lotteries Act 1963. Also, the time taken to send publications to each deposit library in addition to, or as well as, the British Library under the Legal Deposit Libraries Act 2003 was deemed onerous and interviewees felt that too many bodies such as the local authority, the Commissioner of Police and the London Fire & Emergency Planning Authority required similar information when applying for the renewal of a music and dancing licence under the London Government Act 1963.

Changes in regulation requirements

Another important irritation factor was with the changes made in regulatory requirements, and the time taken to remain abreast of and implement these changes appropriately.

Opportunities identified by business for reducing the administrative burden

Interviewees generally believed that the administrative cost associated with regulation could be reduced. Several opportunities were identified by businesses:

Simplify requirements

The main suggestion provided by respondents was to simplify the data required by regulation thus reducing the burden. Several possible approaches are detailed as follows:

- Scale regulations according to the size and circumstances of applicants/premises. For example, respondents suggested that a theatre running two performances per year should not have to comply with the Theatres Act 1968 to the same degree as a theatre running performances each week. Similarly, small businesses should not have to fulfil all of the obligations associated with the licensing and local council regulations. Furthermore, it was suggested that only large gambling casinos should be targeted in complying with the Gaming Act 1968.
- Reduce the frequency with which obligations apply, for example by reducing the frequency of yearly applications for an entertainment licence under the Private Places of Entertainment (Licensing) Act 1967, or weekly lottery returns under the Gaming Act (Regulations under part III) Regulations 1969.
- Consolidate requirements, for example by merging certain licences in the Gaming Clubs (Licensing) Regulations 1969 and Licensing Act 1964 (i.e. respondents suggested including the Children's Licence along with all other licences on the same application form).
- Remove conditions, for example by removing the requirement to display a licence to comply with the Licensing Act 1964. Respondents claimed the burden of the cost of the licences themselves have recently increased, which highlighted a demand and pressure from the private sector to make administrative cost reductions associated with this Act.
- Remove duplication of requirements, for example by reducing the number of bodies that are required to be involved in a renewal application for a music and dancing licence under the London Government Act 1963.

Provide regulatory support

Respondents indicated a demand for more regulatory support from DCMS, mainly in terms of providing more timely information on proposed and recent changes to legislation. This demand is evidenced by the results from the ABME, which suggest that £29m (8%) of the total estimated administrative costs for DCMS relate to 'familiarisation with requirements'. The provision of newsletters, or updates on key points which have been amended, would be welcomed, especially when changes have been sudden. This could help to reduce the staff time spent on researching amendments and/or the need to seek legal advice, for example in relation to amendments to the Licensing Act 1964, Films (Certification) Regulations 1985, Gaming Act 1968, and the Late Night Refreshment Houses Act 1969.

Furthermore, clarification of regulation was suggested to reduce its complexity and, therefore, the time spent understanding regulation. This could be achieved through the provision of further guidance and guidelines for regulation; in relation to regulations such as the Communications Act 2003, and having relevant specialists who are able to answer queries from businesses within the Department/Local Authority.

Reduce complexity of regulation

There was also a demand from respondents to see more plain English in regulations and to simplify application forms and remove legal jargon, for example in the Films (Certification) Regulations 1985, Theatres Act 1968 and Licensing Act 1964 forms.

Greater use of online processes

A handful of respondents suggested that DCMS should provide online downloadable templates to aid compliance with regulatory requirements, for example in order to provide company details as part of the submission of an application for certification of a master negative, tape or disc as a qualifying film, tape or disc, under the Films (Certification) Regulations 1985.

4 Conclusions

This final Section of the report draws together the key conclusions which arise from the work that has been undertaken as part of the ABME. Specifically, the Section seeks to highlight those aspects of regulation which are likely to be most important in reducing the burden of regulation. The conclusions have been developed recognising the Chancellor of the Exchequer's commitment in his Budget statement in March 2006 that government departments will publish detailed targets for the reduction of these burdens and ensure that these are reflected in the Simplification Plan.

In developing the conclusions, it has been important to take account of the department's existing initiatives. For example, when the Gambling Act 2005 comes into effect, it will replace all of the Gambling legislation examined in this report. DCMS and the Gambling Commission are in the process of writing and consulting upon a large number of statutory instruments and guidance that will create the regulatory framework for Gambling in the UK. Also, the Licensing Act 2003 has now replaced the Licensing Act 1964 examined in this report and has made progress in streamlining administrative requirements of this Act.

Overview of results

In interpreting the results emerging from the ABME it is important to understand the significance of the scale and distribution of the estimated costs for Departments. The total administrative costs across the 35 regulations and 658 IO/DRs reviewed as part of this project were estimated at £374.7 million.

This measurement exercise highlights that the administrative costs imposed on businesses through DCMS regulation are largely driven by a small number of regulations, and within those, most of the cost is driven by a few very costly obligations.

The six highest cost regulations account for £313m (83%) of the total estimated administrative costs for the Department. These six regulations are mainly responsible for the high costs in four policy areas: Tourism and Licensing, MCPD, Gambling and Other Miscellaneous divisions. Specifically, the Licensing Act 1964 is estimated to account for £146m (39% of the administrative costs for DCMS) and the Legal Deposit Libraries Act 2003 is estimated to account for £53m (14% of the total estimated costs.)

There are 13 IO/DRs, with a cost of more than £10m. Together they account for £258m (69%) of the indicative estimates of administrative costs for DCMS. There are also a few less costly IO/DRs with very high unit costs or which affect very high numbers of businesses.

In order to identify areas with the potential for successful burden reduction it is important to understand the extent to which administrative activities would be considered 'business as usual' if the legislation did not exist. The results of this exercise have not provided a definitive estimate of what proportion of DCMS administrative costs constitute 'business as usual' costs. Further investigation by DCMS would be required to determine the extent to which any IO/DR falls into this category.

Implications

These results imply that the most productive areas for reducing DCMS's administrative costs are likely to be within the six highest cost regulations. Further investigation of the obligations driving these costs is warranted to determine the scope to achieve a reduction in either the unit cost or quantity.

The scope for reducing the unit cost of transactions raises two questions to be considered:

- *Can the time it takes to fulfil obligations be reduced?*

The majority of IO/DRs do not take a long time to fulfil, but there are seven which are estimated to take more than 100 hours to comply with and are driving 11% of the total administrative costs for DCMS. Four of these IO/DRs are those identified as having high unit costs detailed in section 3.3, and these mainly relate to requirements of the Betting, Gaming and Lotteries Act 1963. The Department needs to consider whether there are ways in which the costs of meeting each IO/DR can be reduced.

- *Can the need to purchase external costs be reduced?*

Another way to lower unit costs is to reduce the need to purchase external goods and services as these are estimated to account for 45% of the total estimated administrative costs for DCMS. In the Betting, Gaming and Lotteries Act 1963 and Local Government (Misc. Provisions) Act 1982 there may be scope for reduction as external costs are estimated to account for 81% and 60% of the total costs for these regulations respectively. For the latter regulation, DCMS has ownership but is not generally the 'enforcer'. This means that DCMS would need to work with other public bodies to effect change. The external goods and services relate to postage, printing, software and professional services. External goods account for 30% of the external costs for DCMS and external services account for 70%, but for various reasons, it is difficult to identify which goods and services in particular are driving the costs of these regulations, and therefore further investigation is required.

- *Can the quantity be reduced?*

There are two ways in which the quantity can be reduced: by either reducing the number of affected organisations or by reducing the frequency with which requirements occur.

The majority of IO/DRs within scope of the ABME do not affect a large number of organisations. However, there are 27 IO/DRs which affect more than 10,000 businesses. Whilst none of these take a long time to fulfil, nine of these have a cost of more than £10m specifically due to the high numbers of organisations that they affect. Overall, they contribute a significant proportion of the total administrative cost for DCMS. To address this area, the Department could consider the scope for streamlining the processes for which businesses are required to send new publications to deposit libraries, under the Legal Deposit Libraries Act 2003, especially considering there are plans to extend this regulation to include digital materials. A further example could be to reduce the frequency that businesses are required to apply to the registration authority for the registration of societies to conduct lotteries, under the Lotteries and Amusement Act 1976. A change in frequency would impact significantly on quantity and therefore total estimated cost.

By way of illustration, administrative cost reduction could be achieved through the following approaches:

Reduce regulatory activities

'Applications for permission for and exemptions from...' and 'Returns and Reports' constitute 45% and 15% respectively of the total administrative costs for DCMS. This suggests that consideration might be given to ways of reducing the number of times each activity is undertaken and/or making the activities easier to undertake. DCMS has already responded to such concerns and implemented solutions in the new Licensing Act 2003, which had not come into effect as of May 2005 and was therefore excluded from the scope of this exercise. Six different licences, including alcohol, public entertainment, theatre, cinema, late night take away and late night cafes have been merged into one application process. This is likely to have reduced the estimated 62% of costs that are currently associated with 'Applications for permission for and exemption from...' within the Licensing Act 1964 the highest cost regulation for DCMS. However, DCMS may consider it appropriate to verify this by measuring the impact of the new act in a way that is consistent with the ABME.

Reduce complexity of regulation

Consideration needs to be given to the scope for reducing the complexity of regulation by increasing the use of plain English and providing further regulatory support as suggested by businesses during interviews. This would potentially reduce the time it takes for organisations to familiarise themselves with

new or changed requirements. The ABME suggested that this accounts for approximately 8% of administrative costs overall. Respondents commented that the Licensing Act 1964 was difficult to understand and suggest that the amended Licensing Act 2003 had not improved the situation.

Simplify requirements

Simplification may be achieved in several ways, including scaling down regulations to small businesses, consolidating regulatory requirements, removing conditions, reducing the frequency with which requirements apply, introducing more on-line processes which are centrally accessible, reducing duplication of requirements in regulation and duplication of information required by different bodies. Again, DCMS has already taken measures to introduce some of these initiatives in the new Licensing Act 2003. Six licences (as mentioned above) are now managed by a single licensing authority and application for these licences only needs to be carried out once, and does not need to be renewed.

At the other end of the scale, there are a large number of IO/DRs with a zero population, specifically in the Betting, Gaming and Lotteries Act 1963 and Development of Tourism Act 1969, which could be examined further by DCMS to determine their continuing relevance.

The questions identified in this conclusion and the suggested approaches to reduce administrative costs provide 'food for thought' in the early stages of the next part of the broader initiative to identify and implement simplification plans. The key task now for DCMS is to use the evidence provided by the ABME to identify those areas where simplification activities can deliver tangible savings in terms of the administrative costs incurred by those businesses affected by DCMS regulation.

5 Glossary

Generic abbreviations

Abbreviation	Definition
ASHE	Annual Survey of Hours and Earnings
ABME	Administrative Burdens Measurement Exercise
ABRP	Administrative Burdens Reduction Project
ABR.net	A bespoke project management information system used as a repository of all data used in the ABME
BRAP	Better Regulation Action Plan
BRE	Better Regulation Executive
BRTF	Better Regulation Task Force
BRU	Better Regulation Unit
DCTL	Departmental Contractor Team Leader
DR	Data Requirement
EU	European Union
HMRC	Her Majesty's Revenue and Customs
IDBR	Inter Departmental Business Register
IO	Information Obligation
ISU	International Survey Unit
NDPBs	Non-Departmental Public Bodies
PwC	PricewaterhouseCoopers LLP
Reg	Regulation
SCM	Standard Cost Model
SDL	Senior Departmental Lead
SE	Single European Company Regulation
SI	Statutory Instrument
SIC	Standard Industrial Classification

Department for Culture, Media and Sport (DCMS) abbreviations

Abbreviation	Definition
AHED	Architecture and Historic Environment Division
MCPD	Museums and Cultural Property Division
OFCOM	Office of Communications
PE	Physical Education
PSA	Public Service Agreement

Definitions

Each of the technical terms used within the reports to Departments is defined below for ease of reference, based on the definitions set out within the SCM.

Technical term	Definition
Administrative costs	<p>The costs of the administrative activities that a business incurs when it complies with the information obligations that are imposed through central government regulation.</p> <p>The total unit administrative costs are made up of:</p> <ul style="list-style-type: none"> • Internal time costs required to complete task (Wages x Time) • Overhead costs (calculated as a percentage of internal time costs) • External services • External goods <p>The total unit administrative costs are multiplied by the quantity to derive the total administrative costs.</p> <p>Elements which are not captured within administrative costs are:</p> <ul style="list-style-type: none"> • One-off costs – only recurring costs are included • Training costs (these are assumed to be included within overhead costs) <p>Also see internal services definition.</p>
Administrative burden	<p>That part of the administrative costs that a business sustains only because it has to comply with regulation.</p> <p>The administrative burden is thus a subset of the administrative costs that a business will incur when complying with a regulation (i.e. it excludes 'business as usual' costs').</p>
Baseline	<p>The measure of administrative costs against which the Government will set targets for departments for administrative burden reduction. It is not part of the Administrative Burdens Measurement Exercise and has not been identified as part of this project.</p>
Business	<p>An organisation in any sector of the economy, with the exception of the public sections of public administration and public services as defined by the Office for National Statistics for National Accounts purposes. This definition, therefore, includes business, charities and the voluntary sector.</p>
Compliant business	<p>One which meets all of its regulatory obligations specifically around the provision of information to government and third parties.</p>
Compulsory regulation	<p>Those regulations that businesses have to follow in order to comply with relevant legislation or because there is in effect clear government backing. They contrast with voluntary regulations.</p>
Continuous	<p>The frequency of an information obligation where activity is ongoing throughout the year. For example if the information obligation is "to put labels on jam jars" then it is continuous with no specified frequency.</p>
Contingent requirements	<p>Those which only impose a burden in the event of a particular event occurring: the passage of time alone will not give rise to a contingent requirement.</p>

Technical term	Definition
Data Requirement (DR)	Each information obligation consists of a number of pieces of different information or data that a business shall provide in order to be able to comply with the information obligation.
Demarcation	The process whereby 'ownership' of the information obligations within a regulation which is shared by two or more departments is agreed with the aim of minimising double counting.
European Union Regulation	European Union (EU) Regulations are directly applicable in all Member States of the EU. For this reason they constitute the most powerful or influential form of EU law. Because regulations have direct effect, the individual countries do not need to pass local laws to bring them into effect, and indeed any local laws contrary to the regulation are overruled, as EU Law is supreme over the laws of the Member States. Member States therefore have to legislate in the light of, and consistently with the requirements of, EU Regulations.
European Union Directive	A directive, on the other hand, is only applicable in the Member States when the objectives it contains have been transposed into national law. This is the minimum; member states may implement more than directed by the EU in order to fully implement the directive. A European Union (formerly European Economic Community (EEC)/European Community (EC)) legal instruction, binding on all Member States but which must be implemented through national legislation within a prescribed time-scale.
E-government solutions	For a growing number of information obligations electronic solutions are made available to the businesses whereby they are able to report the required information, apply for subsidy or permits etc via the internet. An electronic solution is understood to mean that the businesses are able to send in the required information via electronic communication. A form that the businesses can download from a homepage and which subsequently has to be printed out and submitted by letter or fax, is thus not an electronic solution.
External time cost	In some cases businesses outsource administrative activities to service providers outside the business. These provider groups are called external service providers. Things which are measured are: <ul style="list-style-type: none"> • Number of hours/minutes spent on administrative activity: • Hourly rate for various external service providers that perform administrative activities.
External goods & services	This refers to the purchase of any goods or services from external suppliers in order to prepare and provide information for an Information obligation, for example postage, printing, software, technical equipment/machinery or professional services.
Familiarisation with requirements	Familiarisation is one of the seven groups of administrative activities. It includes the time required by a business to familiarise itself with the rules for a given information obligation.
First time costs	The costs associated with complying with regulations as part of starting a business or with particular requirements for those businesses complying with regulations for the first time. These costs are included in the calculations.
Form filling	Any standardised way of meeting an information obligation, for example, this could include electronic forms, paper forms, online forms or contact with a call centre.
Frequency	The number of times a business fulfils a data requirement per year.
Gathering and assessing relevant information/figures	Gathering and assessing relevant information/figures is one of the seven groups of administrative activities. It includes the retrieval of relevant figures and information needed to comply with a given information obligation and the assessment of which figures and information are necessary for the public authorities to accept the report.
Government	Government for this measurement is defined to include all bodies that are principally controlled and financed by central government i.e. all executive agencies, next steps agencies, non-departmental public bodies, regulators and arms-length bodies for which departments have to account to Parliament as well as government institutions which operate abroad, such as embassies. It also includes local government insofar as it acts to implement and enforce the policy of central government.
Holding meetings	Holding meetings is one of the seven groups of administrative activities. It includes meetings held internally between the various personnel groups involved in complying with the information obligation and meetings held in cases where compliance with the information obligation requires meetings with an auditor, lawyer or the like.

Technical term	Definition
Information Obligation (IO)	A duty to procure or prepare information and subsequently make it available to a public authority, as well as a duty to facilitate the collection or preparation of information by others, e.g. by permitting and cooperating with an audit, visit or inspection. It includes regular requirements to read guidance on an information obligation and updated rules. A business cannot decline without coming into conflict with the law or being ineligible for continued funding, grants and other applied for schemes.
Inspections	Co-operating with inspections is one of the seven groups of administrative activities. It includes the costs incurred by a business which must assist external inspectors when they carry out their inspection at the business, and those incurred in complying with corrections resulting from inspection by public authorities.
Internal time & cost	The number of hours and minutes spent by a business on the administrative activities required to meet an information obligation, valued using the average hourly pay for each of the relevant occupational groups that perform the various administrative activities. The relevant occupation groups are the employee groups within the businesses that perform the administrative activities. Internal hourly pay is based on occupation groups with their hourly pay from the Office for National Statistics Annual Survey of Hours and Earnings (ASHE).
Large firm	A large firm is an organisation with 250 or more employees.
Making settlements or payments	Making settlements is one of the seven groups of administrative activities. It includes the payment of charges and the like.
Medium firm	A medium firm is an organisation with 50-249 employees.
Micro firm	A micro firm is an organisation with 0-9 employees.
Normally efficient business	A normally efficient business is one within the affected group that handles their administrative tasks in a normal manner (i.e. it handles its administrative tasks neither better nor worse than may be reasonably expected).
One-off costs	The costs that are only sustained once in connection with the businesses adapting to a new or amended legislation/regulation. This does not include the costs that a business may have in relation to complying with existing regulations for the first time (see First time costs above).
One-off frequency	A once in a lifetime obligation or one-time requirement triggered by an event
Origin of regulation	<p>In order to provide an overview of where responsibility for regulation rests, the information obligations have been classified in three main categories based on their origin:</p> <ol style="list-style-type: none"> 1. Information obligations that are exclusively and completely a consequence of EU rules and other international obligations - the international rules describe which information businesses have to produce. 2. Information obligations that are a consequence of EU rules and other international obligations. The purpose will be formulated in the international rules, while implementation (including formulation of the specific data requirements) will be left to the member states. The international rules do not describe which information a business has to produce. 3. Data requirements that are exclusively a consequence of rules formulated at national level.
Overhead	<p>Costs in addition to direct pay costs for individual employees, including:</p> <ul style="list-style-type: none"> • Fixed administration costs such as expenses for premises (rent or building depreciation), telephone, heating, electricity, IT equipment etc; • Absence owing to illness; and • Employers' National Insurance Contributions.

Technical term	Definition
Preparing figures	<p>Preparing figures is one of the seven groups of administrative activities. It includes:</p> <ul style="list-style-type: none"> • Calculation - performing the relevant calculations needed for the public authorities to accept the report; • Presentation of figures in tables or the like; • Checking the calculated figures, e.g. by reconciliation with other data; and • Correction if the business's own checks reveal errors in the calculations.
Population	<p>The number of businesses affected by any particular information obligation or data requirement.</p>
Quantity	<p>The size of the population of businesses affected multiplied by the frequency that the activity must be completed each year. It is stated annually and represents either (i) the actual number of transactions e.g. number of licence applications submitted p.a. or (ii) the estimated number of transactions derived as the sector population multiplied by frequency e.g. number of farmers x 4 (representing quarterly returns).</p>
Rare contingent requirement	<p>Rare and contingent requirements arise where it is agreed that the actual/expected frequency with which an obligation is faced is so low that it should not be considered part of the recurring administrative costs.</p>
Recurring costs	<p>The administrative costs that a business constantly incurs when complying with the information obligations arising from regulation. They may be costs that arise at regular intervals, e.g. returns to Companies House. They can also be costs that arise at irregular intervals e.g. if there is an application for an export subsidy or planning permission. They may also be an administrative task that an individual business only undertakes on one occasion, e.g. in connection with business registration or upon application for authorisation.</p>
Regulation	<p>A regulation is defined as a rule with which failure to comply would result in a business coming into conflict with the law or being ineligible for continued funding, grants and other applied for schemes. It can be summarised as all measures with legal force imposed by central government and other schemes operated by central government, including:</p> <ul style="list-style-type: none"> • Directly applicable EU Regulations; • Directly applicable sections of Acts of Parliament; • Statutory Instruments; • Rules, orders, schemes, regulations etc. made under statutory powers by Ministers or agencies; • Licences and permits issued under central Government authority; • Codes of Practice with statutory force; • Guidance with statutory force; • Codes of Practice/Guidance/Self-Regulation/Industry Agreements with Government backing, e.g. "Approved Codes of Practice"; and • Bye-laws made by central Government. <p>It excludes:</p> <ul style="list-style-type: none"> • Codes of Practice/Guidance without government backing; • Voluntary agreements between businesses including self-regulation/industry agreements with no government backing; • Obligations arising from local government measures where these are not concerned with implementing central government policy; and • Obligations arising from the Common Law (e.g. of an employer to his employees).

Technical term	Definition
Regular	One possible frequency of an information obligation. For example, an information obligation which occurs within a period of a year at a specified interval this would be classed as regular (e.g. every six months, three times per year or annually).
Reporting Unit	<p>A series of Reporting Units have been defined for this report as the basic unit of analysis. They are groups of policy areas where:</p> <ul style="list-style-type: none"> • the number of regulations owned by the Unit is at least 30; and • the number of information obligations/data requirements is more than 150.
Reporting	Reporting is one of the seven groups of administrative activities. It includes preparing written descriptions, copying, filing, distribution or submitting info/reports, e.g. the directors' report in the Financial Statements Act.
Segmentation	Segmentation ensures measurements reflect differing cost/resource structures in businesses and the incidence of particular regulations. It is also needed to allow specific areas of interest to be analysed. Standard segmentation reflects the four size bands for businesses defined by the Small Business Service.
Small firm	A small firm is an organisation with 10-49 employees.
Standard Cost Model	The Standard Cost Model (SCM) provides a framework and methodology for measuring administrative costs.
SIC Code	The SIC Code refers to a four or five digit code defined on the basis of the Office for National Statistics' Standard Industry Classification which is used to classify/describe the industry sector of organisations required to meet an information obligation.
Third parties	Third party refers to another person/s or organisation that is not a public sector body. Examples of third party bodies include parents, employees, consumers and stakeholders. Even where an information obligation does not specify a third party but stipulates the requirement for protocols/guidance etc to be in place, it can be interpreted that the obligation is owed to a third party.
Voluntary regulation	Voluntary actions fall within the scope of the Standard Cost Model; examples include applying for licences, support schemes, grant schemes, etc.

Annex A: Administrative costs by Department

This annex presents the detailed results of the ABME for DCMS. The estimates of administrative costs included in this report are based on the application of the SCM which is designed to produce consistent estimates and so enable measurements to be compared and targets for reductions to be set across government. For practical reasons, the SCM relies on deriving estimates of the standard cost of meeting each of the IO/DRs within a regulation for a 'normally efficient business'. It relies on the input of a limited number of experts and/or businesses. As such, it does not produce a statistically representative measurement of costs: instead, it is a pragmatic approach to measurement that gives an indicative estimate of the magnitude of costs which provides a starting point for setting reduction targets and highlighting the areas of focus. Moreover, the nature of the estimation process means that the greater the level of disaggregation of the cost estimates, the greater the potential margins of error surrounding the cost estimate.

Table 14 provides an overview of the regulations for which DCMS is at least partly responsible that link to other regulations and where demarcation has been agreed between departments.

Table 14: Demarcation of regulations

Regulation/Information obligation/Data requirement	Demarcation description	Total cost (after demarcation)* £ (million)	Total cost (before demarcation) £ (million)
Communications Act 2003	The Communications Act 2003 is jointly 'owned' between the Department of Trade and Industry and the Department for Culture, Media and Sport. The IOs considered to be the responsibility of DCMS relate to Ofcom's work within Broadcasting. These IOs and the two Broadcasting Acts are under the auspices of DCMS. DTI are broadly responsible for those that relate to Radio Spectrum Licensing.	£23.7	£24.2
Local Government (Misc. provisions) Act 1982	The Local Government (Misc. provisions) Act 1982 is jointly 'owned' between the Department of Health, the Department for Culture, Media and Sport and the Office of the Deputy Prime Minister. The IOs which are the responsibility of DH relate to the registration and inspection of premises carrying out acupuncture, tattooing, cosmetic body piercing and electrolysis. DCMS are responsible for IOs relating to entertainment, street trading and sex establishment licences.	£36.9	£40.9

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

The tables below present the results for all DCMS regulations.

The tables show regulations within the Department as follows:

- total administrative cost (see Table 15)
- the distribution of administrative costs (see Table 16)
- third party/non-third party and internal/external costs (see Table 17)

The regulations have been listed in order of the total administrative cost, with the highest cost regulation shown first.

Table 15: Regulations by total administrative costs

Regulation	Total administrative cost	
	£ (million)	% of department total
Licensing Act 1964	£146.1	39%
Legal Deposit Libraries Act 2003	£53.1	14%
Local Government (Misc. provisions) Act 1982	£36.9	10%
Betting Gaming and Lotteries Act 1963	£28.8	8%
Lotteries and Amusement Act 1976	£23.9	6%
Communications Act 2003	£23.7	6%
Gaming Clubs (Licensing) Regulations 1969	£9.3	2%
Football Spectators Act 1989	£9.1	2%
Films (Certification) Regulations 1985	£7.8	2%
Gaming Act (Regulations under part III) Regulations 1969	£6.8	2%
Video Recordings (Labelling) Regulations 1985	£5.7	2%
London Government Act 1963	£5.3	1%
Licensing (Occasional Provisions) Act 1983	£4.0	1%
Gaming Act 1968	£2.2	1%
Betting (Licensing Regulations) 1960	£1.5	0%
Cinemas Act 1985	£1.4	0%
Private Places of Entertainment (Licensing) Act 1967	£1.4	0%
Lotteries Regulations 1993	£1.3	0%
Theatres Act 1968	£1.3	0%
Broadcasting Act 1996	£1.3	0%
Late Night Refreshment Houses Act 1969	£1.2	0%
Wireless and Telegraphy Act 1967	£1.2	0%
Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods (as amended)	£0.4	0%
London Local Authorities Act 1990	£0.3	0%
National Heritage Act 1980	£0.3	0%

Regulation	Total administrative cost	
	£ (million)	% of department total
Licensed Betting Office Regulations 1986	£0.2	0%
Ancient Monuments (Application for Scheduled Monuments Consent) regulations 1981	£0.2	0%
Export of Objects of Cultural Interest (Control) Order 2003	£0.1	0%
Broadcasting Act 1990	£0.0	0%
Treasure Act 1996	£0.0	0%
Gaming (Record of cheques and debit card payments) Regulations 1997	£0.0	0%
Protection of Wrecks Act 1973	£0.0	0%
National Lottery etc Act 1993	£0.0	0%
Development of Tourism Act 1969	£0.0	0%
Public Statues (Metropolis) Act 1845	£0.0	0%
DCMS Total	£374.7	100%

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 16: The distribution of administrative costs by IO/DR by regulation

Regulation	Total administrative cost per regulation £ (million)	Distribution of administrative cost £ ('000)			Number of IO/DR
		Minimum cost IO/DR	Median cost IO/DR	Maximum cost IO/DR	
Licensing Act 1964	£146.1	£0	£11	£28,159	93
Legal Deposit Libraries Act 2003	£53.1	£18,701	£26,551	£34,400	2
Local Government (Misc. provisions) Act 1982	£36.9	£0	£46	£18,035	42
Betting Gaming and Lotteries Act 1963	£28.8	£0	£0	£17,676	111
Lotteries and Amusement Act 1976	£23.9	£0	£0	£23,600	17
Communications Act 2003	£23.7	£0	£0	£23,010	43
Gaming Clubs (Licensing) Regulations 1969	£9.3	£0	£29	£8,940	11
Football Spectators Act 1989	£9.1	£0	£5	£9,018	6
Films (Certification) Regulations 1985	£7.8	£8	£398	£2,690	10
Gaming Act (Regulations under part III) Regulations 1969	£6.8	£2	£17	£3,815	5
Video Recordings (Labelling) Regulations 1985	£5.7	£1,887	£1,887	£1,887	3
London Government Act 1963	£5.3	£1	£2	£4,330	15
Licensing (Occasional Provisions) Act 1983	£4.0	£632	£702	£2,637	3

Regulation	Total administrative cost per regulation £ (million)	Distribution of administrative cost £ ('000)			Number of IO/DR
		Minimum cost IO/DR	Median cost IO/DR	Maximum cost IO/DR	
Gaming Act 1968	£2.2	£0	£10	£884	42
Betting (Licensing Regulations) 1960	£1.5	£5	£40	£708	7
Cinemas Act 1985	£1.4	£1	£2	£1,354	12
Private Places of Entertainment (Licensing) Act 1967	£1.4	£13	£67	£644	6
Lotteries Regulations 1993	£1.3	£1	£184	£954	4
Theatres Act 1968	£1.3	£0	£9	£768	9
Broadcasting Act 1996	£1.3	£0	£0	£716	51
Late Night Refreshment Houses Act 1969	£1.2	£1	£27	£1,147	5
Wireless and Telegraphy Act 1967	£1.2	£0	£24	£366	10
Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods (as amended)	£0.4	£86	£200	£313	2
London Local Authorities Act 1990	£0.3	£1	£7	£145	20
National Heritage Act 1980	£0.3	£0	£0	£71	13
Licensed Betting Office Regulations 1986	£0.2	£63	£124	£185	2
Ancient Monuments (Application for Scheduled Monuments Consent) regulations 1981	£0.2	£18	£41	£119	3
Export of Objects of Cultural Interest (Control) Order 2003	£0.1	£47	£54	£61	2
Broadcasting Act 1990	£0.0	£0	£0	£10	64
Treasure Act 1996	£0.0	£1	£6	£20	3
Gaming (Record of cheques and debit card payments) Regulations 1997	£0.0	£2	£4	£6	4
Protection of Wrecks Act 1973	£0.0	£2	£2	£3	2
National Lottery etc Act 1993	£0.0	£0	£0	£0	4
Development of Tourism Act 1969	£0.0	£0	£0	£0	30
Public Statues (Metropolis) Act 1845	£0.0	£0	£0	£0	2
DCMS Total	£374.7	£0	£1	£34,400	658

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 17: Administrative costs by regulation - breakdown by third party/non-third party and internal/external categories¹⁰

	Third party			Non-third Party			Total administrative costs		
	Internal cost %	External cost %	Total £ (million)	Internal cost %	External cost %	Total £ (million)	Internal cost %	External cost %	Total £ (million)
Licensing Act 1964	83%	17%	£27.6	39%	61%	£118.6	47%	53%	£146.1
Legal Deposit Libraries Act 2003	-	-	£0.0	93%	7%	£53.1	93%	7%	£53.1
Local Government (Misc. provisions) Act 1982	-	-	£0.0	40%	60%	£36.9	40%	60%	£36.9
Betting Gaming and Lotteries Act 1963	3%	97%	£18.4	47%	53%	£10.4	19%	81%	£28.8
Lotteries and Amusement Act 1976	66%	34%	£23.6	100%	0%	£0.3	67%	33%	£23.9
Communications Act 2003	100%	0%	£0.1	100%	0%	£23.6	100%	0%	£23.7
Gaming Clubs (Licensing) Regulations 1969	100%	0%	£0.0	8%	92%	£9.3	8%	92%	£9.3
Football Spectators Act 1989	-	-	£0.0	1%	99%	£9.1	1%	99%	£9.1
Films (Certification) Regulations 1985	-	-	£0.0	38%	62%	£7.8	38%	62%	£7.8
Gaming Act (Regulations under part III) Regulations 1969	-	-	£0.0	53%	47%	£6.8	53%	47%	£6.8
Video Recordings (Labelling) Regulations 1985	100%	0%	£5.7	-	-	£0.0	100%	0%	£5.7
London Government Act 1963	-	-	£0.0	23%	77%	£5.3	23%	77%	£5.3
Licensing (Occasional Provisions) Act 1983	-	-	£0.0	100%	0%	£4.0	100%	0%	£4.0
Gaming Act 1968	26%	74%	£1.1	97%	3%	£1.2	62%	38%	£2.2
Betting (Licensing Regulations) 1960	-	-	£0.0	99%	1%	£1.5	99%	1%	£1.5
Cinemas Act 1985	-	-	£0.0	67%	33%	£1.4	67%	33%	£1.4
Private Places of Entertainment (Licensing) Act 1967	-	-	£0.0	88%	12%	£1.4	88%	12%	£1.4

¹⁰ A third party is any other person or organisation that is not a public sector body, for example employees, consumers, parents and other stakeholders. For the purposes of the definition, a public sector body is a government department or agency (including law enforcement, local government, emergency services etc), a court, a government funded school or other educational institution. Where an IO/DR refers specifically to an inspector but does not clarify who the inspector might be, it is deemed to refer to a public sector body. For the purpose of distinguishing third party and non-third party administrative costs, an obligation to a third party arises only if it is exclusively owed to third parties (e.g. parents). Therefore, there are some obligations that apply to third parties that are not flagged as such because they also apply to public sector bodies

	Third party			Non-third Party			Total administrative costs		
	Internal cost %	External cost %	Total £ (million)	Internal cost %	External cost %	Total £ (million)	Internal cost %	External cost %	Total £ (million)
Lotteries Regulations 1993	100%	0%	£1.0	100%	0%	£0.4	100%	0%	£1.3
Theatres Act 1968	-	-	£0.0	64%	36%	£1.3	64%	36%	£1.3
Broadcasting Act 1996	-	-	£0.0	70%	30%	£1.3	70%	30%	£1.3
Late Night Refreshment Houses Act 1969	75%	25%	£0.1	100%	0%	£1.2	99%	1%	£1.2
Wireless and Telegraphy Act 1967	100%	0%	£0.4	59%	41%	£0.8	72%	28%	£1.2
Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods (as amended)	-	-	£0.0	100%	0%	£0.4	100%	0%	£0.4
London Local Authorities Act 1990	100%	0%	£0.0	100%	0%	£0.3	100%	0%	£0.3
National Heritage Act 1980	100%	0%	£0.2	100%	0%	£0.0	100%	0%	£0.3
Licensed Betting Office Regulations 1986	82%	18%	£0.2	-	-	£0.0	82%	18%	£0.2
Ancient Monuments (Application for Scheduled Monuments Consent) regulations 1981	-	-	£0.0	100%	0%	£0.2	100%	0%	£0.2
Export of Objects of Cultural Interest (Control) Order 2003	-	-	£0.0	100%	0%	£0.1	100%	0%	£0.1
Broadcasting Act 1990	100%	0%	£0.0	100%	0%	£0.0	100%	0%	£0.0
Treasure Act 1996	-	-	£0.0	100%	0%	£0.0	100%	0%	£0.0
Gaming (Record of cheques and debit card payments) Regulations 1997	100%	0%	£0.0	100%	0%	£0.0	100%	0%	£0.0
Protection of Wrecks Act 1973	-	-	£0.0	100%	0%	£0.0	100%	0%	£0.0
National Lottery etc Act 1993	-	-	£0.0	100%	0%	£0.0	100%	0%	£0.0
Public Statues (Metropolis) Act 1845	-	-	£0.0	-	-	£0.0	0%	0%	£0.0
Development of Tourism Act 1969	-	-	£0.0	-	-	£0.0	0%	0%	£0.0
DCMS Total	60%	40%	£78.3	54%	46%	£296.4	55%	45%	£374.7

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 18 below summarises the origin breakdown for each regulation.

The regulations have been listed in order of the total administrative cost, with the highest cost regulation shown first.

Table 18: Administrative costs by origin

	International, no domestic discretion (A)		International, domestic discretion (B)		Domestic (C)		Total admin costs £ (million)
	£ (million)	% of Regulation total	£ (million)	% of Regulation total	£ (million)	% of Regulation total	
Licensing Act 1964	£0.0	0%	£0.0	0%	£146.1	100%	£146.1
Legal Deposit Libraries Act 2003	£0.0	0%	£0.0	0%	£53.1	100%	£53.1
Local Government (Misc. provisions) Act 1982	£0.0	0%	£0.0	0%	£36.9	100%	£36.9
Betting Gaming and Lotteries Act 1963	£0.0	0%	£0.0	0%	£28.8	100%	£28.8
Lotteries and Amusement Act 1976	£0.0	0%	£0.0	0%	£23.9	100%	£23.9
Communications Act 2003	£0.0	0%	£0.0	0%	£23.7	100%	£23.7
Gaming Clubs (Licensing) Regulations 1969	£0.0	0%	£0.0	0%	£9.3	100%	£9.3
Football Spectators Act 1989	£0.0	0%	£0.0	0%	£9.1	100%	£9.1
Films (Certification) Regulations 1985	£0.0	0%	£0.0	0%	£7.8	100%	£7.8
Gaming Act (Regulations under part III) Regulations 1969	£0.0	0%	£0.0	0%	£6.8	100%	£6.8
Video Recordings (Labelling) Regulations 1985	£0.0	0%	£0.0	0%	£5.7	100%	£5.7
London Government Act 1963	£0.0	0%	£0.0	0%	£5.3	100%	£5.3
Licensing (Occasional Provisions) Act 1983	£0.0	0%	£0.0	0%	£4.0	100%	£4.0
Gaming Act 1968	£0.0	0%	£0.0	0%	£2.2	100%	£2.2
Betting (Licensing Regulations) 1960	£0.0	0%	£0.0	0%	£1.5	100%	£1.5
Cinemas Act 1985	£0.0	0%	£0.0	0%	£1.4	100%	£1.4
Private Places of Entertainment (Licensing) Act 1967	£0.0	0%	£0.0	0%	£1.4	100%	£1.4

	International, no domestic discretion (A)		International, domestic discretion (B)		Domestic (C)		Total admin costs £ (million)
	£ (million)	% of Regulation total	£ (million)	% of Regulation total	£ (million)	% of Regulation total	
Lotteries Regulations 1993	£0.0	0%	£0.0	0%	£1.3	100%	£1.3
Theatres Act 1968	£0.0	0%	£0.0	0%	£1.3	100%	£1.3
Broadcasting Act 1996	£0.0	0%	£0.0	0%	£1.3	100%	£1.3
Late Night Refreshment Houses Act 1969	£0.0	0%	£0.0	0%	£1.2	100%	£1.2
Wireless and Telegraphy Act 1967	£0.0	0%	£0.0	0%	£1.2	100%	£1.2
Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods (as amended)	£0.4	100%	£0.0	0%	£0.0	0%	£0.4
London Local Authorities Act 1990	£0.0	0%	£0.0	0%	£0.3	100%	£0.3
National Heritage Act 1980	£0.0	0%	£0.0	0%	£0.3	100%	£0.3
Licensed Betting Office Regulations 1986	£0.0	0%	£0.0	0%	£0.2	100%	£0.2
Ancient Monuments (Application for Scheduled Monuments Consent) regulations 1981	£0.0	0%	£0.0	0%	£0.2	100%	£0.2
Export of Objects of Cultural Interest (Control) Order 2003	£0.0	0%	£0.1	100%	£0.0	0%	£0.1
Broadcasting Act 1990	£0.0	0%	£0.0	0%	£0.0	100%	£0.0
Treasure Act 1996	£0.0	0%	£0.0	0%	£0.0	100%	£0.0
Gaming (Record of cheques and debit card payments) Regulations 1997	£0.0	0%	£0.0	0%	£0.0	100%	£0.0
Protection of Wrecks Act 1973	£0.0	0%	£0.0	0%	£0.0	100%	£0.0
National Lottery etc Act 1993	£0.0	0%	£0.0	0%	£0.0	100%	£0.0
Development of Tourism Act 1969	£0.0	0%	£0.0	0%	£0.0	0%	£0.0
Public Statues (Metropolis) Act	£0.0	0%	£0.0	0%	£0.0	0%	£0.0

	International, no domestic discretion (A)		International, domestic discretion (B)		Domestic (C)		Total admin costs £ (million)
	£ (million)	% of Regulation total	£ (million)	% of Regulation total	£ (million)	% of Regulation total	
1845							
DCMS Total	£0.4		£0.1		£374.2		£374.7

Note: Shares sum to 100 for each row not column.

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 19 below summarises the breakdown of third party/non-third party admin costs by origin. This table is at summary level only.

Table 19: Summary administrative costs by origin by third party/non-third party

	International, no domestic discretion (A) £ (million)			International, domestic discretion (B) £ (million)			Domestic (C) £ (million)			Total £ million
	Third party	Non-third party	Total	Third party	Non-third party	Total	Third party	Non-third party	Total	
Total For DCMS	£0.0	£0.4	£0.4	£0.0	£0.1	£0.1	£78.3	£295.9	£374.2	£374.7

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 20 below shows a more detailed breakdown of administrative costs by origin according to type (as defined in the UK Standard Cost Manual) by regulation.

The regulations have been listed in order of the total administrative cost, with the highest cost regulation shown first.

Table 20: Administrative costs by sub category by origin by regulation

	International, no domestic discretion (A)				International, domestic discretion (B)				Domestic (C)
	1: EU Regulation £(million)	2: EU Directive £(million)	3: Other International £(million)	% for type A	1: EU Regulation £(million)	2: EU Directive £(million)	3: Other International £(million)	% for type B	% for type C
Licensing Act 1964	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Legal Deposit Libraries Act 2003	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Local Government (Misc. provisions) Act 1982	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%

	International, no domestic discretion (A)				International, domestic discretion (B)				Domestic (C)
	1: EU Regulation £(million)	2: EU Directive £(million)	3: Other International £(million)	% for type A	1: EU Regulation £(million)	2: EU Directive £(million)	3: Other International £(million)	% for type B	% for type C
Betting Gaming and Lotteries Act 1963	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Lotteries and Amusement Act 1976	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Communications Act 2003	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Gaming Clubs (Licensing) Regulations 1969	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Football Spectators Act 1989	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Films (Certification) Regulations 1985	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Gaming Act (Regulations under part III) Regulations 1969	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Video Recordings (Labelling) Regulations 1985	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
London Government Act 1963	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Licensing (Occasional Provisions) Act 1983	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Gaming Act 1968	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Betting (Licensing Regulations) 1960	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Cinemas Act 1985	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Private Places of Entertainment (Licensing) Act 1967	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%

	International, no domestic discretion (A)				International, domestic discretion (B)				Domestic (C)
	1: EU Regulation £(million)	2: EU Directive £(million)	3: Other International £(million)	% for type A	1: EU Regulation £(million)	2: EU Directive £(million)	3: Other International £(million)	% for type B	% for type C
Lotteries Regulations 1993	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Theatres Act 1968	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Broadcasting Act 1996	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Late Night Refreshment Houses Act 1969	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Wireless and Telegraphy Act 1967	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods (as amended)	£0.4	£0.0	£0.0	100 %	£0.0	£0.0	£0.0	0%	0%
London Local Authorities Act 1990	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
National Heritage Act 1980	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Licensed Betting Office Regulations 1986	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Ancient Monuments (Application for Scheduled Monuments Consent) regulations 1981	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Export of Objects of Cultural Interest (Control) Order 2003	£0.0	£0.0	£0.0	0%	£0.1	£0.0	£0.0	100 %	0%
Broadcasting Act 1990	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Treasure Act 1996	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%

	International, no domestic discretion (A)				International, domestic discretion (B)				Domestic (C)
	1: EU Regulation £(million)	2: EU Directive £(million)	3: Other International £(million)	% for type A	1: EU Regulation £(million)	2: EU Directive £(million)	3: Other International £(million)	% for type B	% for type C
Gaming (Record of cheques and debit card payments) Regulations 1997	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Protection of Wrecks Act 1973	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
National Lottery etc Act 1993	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	100%
Public Statues (Metropolis) Act 1845	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	0%
Development of Tourism Act 1969	£0.0	£0.0	£0.0	0%	£0.0	£0.0	£0.0	0%	0%
Total for DCMS	£0.4	£0.0	£0.0	0%	£0.1	£0.0	£0.0	0%	100%

Note: Shares sum to 100 for each row not column.

Note: The percentage shown is the proportion of the admin cost for type A,B and C as a proportion of the admin cost for the department overall i.e. by row.

Footnote: The costs shown in this Table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

Table 21 shows the percentage origin for all regulations in the department.

The regulations have been listed in order of the total administrative cost, with the highest cost regulation shown first.

Table 21: Percentage administrative cost by origin by regulation

Regulation	Total administrative cost		% Cost by origin		
	£ (million)	% of department total	A	B	C
Licensing Act 1964	£146.1	39%	0%	0%	100%
Legal Deposit Libraries Act 2003	£53.1	14%	0%	0%	100%
Local Government (Misc. provisions) Act 1982	£36.9	10%	0%	0%	100%
Betting Gaming and Lotteries Act 1963	£28.8	8%	0%	0%	100%
Lotteries and Amusement Act 1976	£23.9	6%	0%	0%	100%
Communications Act 2003	£23.7	6%	0%	0%	100%
Gaming Clubs (Licensing) Regulations 1969	£9.3	2%	0%	0%	100%
Football Spectators Act 1989	£9.1	2%	0%	0%	100%
Films (Certification) Regulations 1985	£7.8	2%	0%	0%	100%
Gaming Act (Regulations under part III) Regulations 1969	£6.8	2%	0%	0%	100%
Video Recordings (Labelling) Regulations 1985	£5.7	2%	0%	0%	100%
London Government Act 1963	£5.3	1%	0%	0%	100%
Licensing (Occasional Provisions) Act 1983	£4.0	1%	0%	0%	100%
Gaming Act 1968	£2.2	1%	0%	0%	100%
Betting (Licensing Regulations) 1960	£1.5	0%	0%	0%	100%
Cinemas Act 1985	£1.4	0%	0%	0%	100%
Private Places of Entertainment (Licensing) Act 1967	£1.4	0%	0%	0%	100%
Lotteries Regulations 1993	£1.3	0%	0%	0%	100%
Theatres Act 1968	£1.3	0%	0%	0%	100%
Broadcasting Act 1996	£1.3	0%	0%	0%	100%
Late Night Refreshment Houses Act 1969	£1.2	0%	0%	0%	100%
Wireless and Telegraphy Act 1967	£1.2	0%	0%	0%	100%
Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods (as amended)	£0.4	0%	100%	0%	0%
London Local Authorities Act 1990	£0.3	0%	0%	0%	100%
National Heritage Act 1980	£0.3	0%	0%	0%	100%
Licensed Betting Office Regulations 1986	£0.2	0%	0%	0%	100%
Ancient Monuments (Application for Scheduled Monuments Consent) regulations 1981	£0.2	0%	0%	0%	100%
Export of Objects of Cultural Interest (Control) Order 2003	£0.1	0%	0%	100%	0%
Broadcasting Act 1990	£0.0	0%	0%	0%	100%

Regulation	Total administrative cost		% Cost by origin		
	£ (million)	% of department total	A	B	C
Treasure Act 1996	£0.0	0%	0%	0%	100%
Gaming (Record of cheques and debit card payments) Regulations 1997	£0.0	0%	0%	0%	100%
Protection of Wrecks Act 1973	£0.0	0%	0%	0%	100%
National Lottery etc Act 1993	£0.0	0%	0%	0%	100%
Public Statues (Metropolis) Act 1845	£0.0	0%	0%	0%	0%
Development of Tourism Act 1969	£0.0	0%	0%	0%	0%
DCMS Total	£374.7	100%	0%	0%	100%

Note: % cost by origin is by regulation i.e. by row

Footnote: The costs shown in this table are indicative estimates. They have been prepared on a consistent basis in accordance with the SCM but still need to be interpreted with caution given the nature of the SCM (see Section 2.3 for further details).

This Report has been prepared for Department for Culture, Media and Sport only. PricewaterhouseCoopers LLP disclaims any duty or responsibility to any third party which may access the Report, whether in contract or in tort or howsoever otherwise arising, and shall not be liable in respect of any loss, damage or expense which is caused by or as a consequence of such access to the Report by any third party. Third parties are advised that this Report does not constitute professional advice, should not be relied on and is not intended to replace the expertise and judgement of such third parties' independent professional advisers.