Title: Transposition into UK regulations of the new EU Procurement Directive on Utilities Contracts **IA No:** CO 1021 **Lead department or agency:** Cabinet Office **Other departments or agencies:** BIS	**Impact Assessment (IA)** **Date:** 09/12/2015 **Stage:** Final **Source of intervention:** EU **Type of measure:** Secondary legislation **Contact for enquiries:** Barry Sharp 07824 334136

Summary: Intervention and Options

RPC Opinion: GREEN

Cost of Preferred (or more likely) Option				
Total Net Present Value	**Business Net Present Value**	**Net cost to business per year** (EANCB on 2014 prices)	**In scope of One-In, Two-Out?**	**Measure qualifies as**
-£1.97m	-£1.21m	£0.14m	No	NA

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

Current public procurement rules, and practices to comply with them, are outdated, burdensome and in need of simplification and modernisation to make the procurement process faster, less costly and enable better value outcomes for government and industry. This IA covers one of three regulatory proposals to reform procurement rules: transposition into UK regulations of the new EU Procurement Directive on Utilities Contracts. Government is the only body able to make changes to the rules in the UK, and legislation must be passed to enable these changes.

What are the policy objectives and the intended effects?

The policy objective is simplification of the rules which utilities must adhere to when conducting procurements; this will reduce burdens on these utilities and enable them to make procurements more efficiently, leading to improved value for money. The new Utilities Contracts Directive 2014/25/EU includes regulatory easements that will make utilities procurements faster, leaner and smarter, freeing up the utilities market from bureaucratic processes. This increased freedom will allow the utilities market to operate more effectively and contribute to stimulating economic growth.

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

Option 1 - Transpose Utilities Contracts Directive by the April 2016 deadline set by the Directive. This is the preferred option.

Option 2 - Do nothing. This is not preferred. The Directive requires the rules to be transposed into national legislation. Failure to transpose would leave the UK in breach of its EU obligations and liable to court action and substantial fines. The Directive represents an excellent overall outcome for the UK, which delivers on all of the Government's priority objectives for the negotiations. Having negotiated hard to secure these changes to the rules, it would be perverse not to implement them.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 04/2021

Does implementation go beyond minimum EU requirements?			No		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	**Micro** No	**< 20** No	**Small** Yes	**Medium** Yes	**Large** Yes
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:** None	**Non-traded:** None	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: The Rt Hon Matthew Hancock MP Date: 09/12/2015

Summary: Analysis & Evidence

Policy Option 1

Description: Transpose the EU Utilities Contracts Directive 2014/25/EU by the April 2016 deadline set by the Directive.

FULL ECONOMIC ASSESSMENT

Price Base Year 2015	PV Base Year 2015	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	**High:** Optional	**Best Estimate:** -1.97

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional		Optional	**Optional**
High	Optional		Optional	**Optional**
Best Estimate	0.05		0.23	**2.06**

Description and scale of key monetised costs by 'main affected groups'

The former regime for "Part B" services, to which the current rules only apply in part, will be abolished. For such contracts, utilities will now be obliged to follow either the full rules or the new light-touch regime for social, health and some other services. This will involve completing additional contract notices to advertise such opportunities in the Official Journal of the EU (OJEU). Utilities will also incur familiarisation costs.

Other key non-monetised costs by 'main affected groups'

None.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional		Optional	**Optional**
High	Optional		Optional	**Optional**
Best Estimate	0		0.01	**0.09**

Description and scale of key monetised benefits by 'main affected groups'

There will be a small benefit for utilities who will no longer have to submit detailed annual statistics on their procurement activities. The European Commission will collect this information directly from an on-line system, freeing up time and resources for utilities.

Other key non-monetised benefits by 'main affected groups'

Electronic catalogues will be expressly permitted, enabling utilities to speed up procurements in cases where such catalogues are suitable. The onerous obligation to advertise every call-off contract placed under a Dynamic Purchasing System is abolished. Preliminary market consultation will be allowed, enabling shorter procurement timelines. Greater use of supplier self-declarations to provide proof of status, reducing the cost of bidding.

Key assumptions/sensitivities/risks — **Discount rate (%)** 3.5

60% of utilities to which the Directive applies are private sector. The number of contracts placed by utilities in a year is small; 597 above-threshold contracts in 2013 and 537 in 2014. Of these an estimated 31 of former "Part B" service contracts will be subject to the full rules or the new light-touch regime, making this the number of contracts affected each year. The cost estimates supplied by part of the ports sector represent 30% of those for the whole of that sector.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: 0.146	**Benefits:** 0.006	**Net:** -0.14	No	NA

Summary: Analysis & Evidence

Policy Option 2

Description: Do nothing

FULL ECONOMIC ASSESSMENT

Price Base Year 2015	PV Base Year 2015	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	**High:** Optional	**Best Estimate:** 0

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	0		0	0

Description and scale of key monetised costs by 'main affected groups'

In line with impact assessment guidance the do nothing option has zero costs or benefits as impacts are assessed as marginal changes against the do nothing baseline.

Other key non-monetised costs by 'main affected groups'

In line with impact assessment guidance the do nothing option has zero costs or benefits as impacts are assessed as marginal changes against the do nothing baseline.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	0		0	0

Description and scale of key monetised benefits by 'main affected groups'

In line with impact assessment guidance the do nothing option has zero costs or benefits as impacts are assessed as marginal changes against the do nothing baseline.

Other key non-monetised benefits by 'main affected groups'

In line with impact assessment guidance the do nothing option has zero costs or benefits as impacts are assessed as marginal changes against the do nothing baseline.

Key assumptions/sensitivities/risks	**Discount rate (%)**	3.5

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs:	Benefits:	Net:	No	NA

Evidence Base (for summary sheets)

The policy issue and rationale for Government intervention

1. UK public procurement processes are hampered by outdated rules and practices that are burdensome, complex and costly. They are in need of simplification and modernisation to speed-up the process, to enable better value outcomes and to stimulate growth.

2. The European Commission published in 2011 a Green Paper on the modernisation of EU public procurement policy. The Commission's conclusion was that there was an urgent need for a streamlined and flexible set of procurement rules so that Member States can obtain high quality goods and services while delivering value for money for the public purse. The 2004 directives, one for Public Sector Contracts and one for Utilities Contracts, introduced new approaches in an attempt to modernise the rules that existed at that time but experience had shown these added complexity, uncertainty and regulatory burdens. Simplification was needed for the benefit of business and public procurers alike.

3. The Commission came forward with draft proposals for modernisation in late 2011. Following 2 years of intensive negotiation, the European Parliament and the European Council adopted a package of three new directives (Public Sector Contracts, Utilities Contracts, and Concession Contracts) on 26 February 2014. The UK and other Member States have until April 2016 to implement the new directives in national legislation. The Public Sector Directive was implemented in the UK in February 2015 by The Public Contracts Regulations 2015.

Policy objectives and intended effects

4. The overall policy objective for the UK has been simplification of the rules to free up markets and facilitate growth. This means regulatory easements that make public procurement faster, leaner and smarter, and which cut the costs of the process leading to improved value for money.

5. Overall, the new Utilities Contracts Directive will deliver a much more modern, flexible and commercial approach for utilities compared to the current rules. Outdated constraints have been removed, and many features have been streamlined. The intended effects of these changes include:

   - Accelerating timescales and reducing costs through streamlined procedures;
   - Allowing the use of modern, flexible electronic tools to speed up and take costs out of the procurement process;
   - Removing regulatory burdens by, for example, ending the supply of annual statistics to the European Commission;
   - Lowering the costs to business of bidding for public contracts, encouraging more suppliers into the public procurement market and increasing competition as a result; and
   - Supporting the development of employee-led organisations by temporarily exempting public service mutuals from full EU-wide competition.

Policy options considered

<u>Option 1 – Transpose by the deadline (preferred option)</u>

6. The preferred option is to transpose the Directive by the April 2016 deadline.

<u>Option 2 – Do nothing</u>

7. The Directive requires the rules to be transposed into national legislation and hence no alternatives to regulation have been considered. Failure to transpose would leave the UK in breach of its EU obligations and liable to court action and substantial fines. The Directive represents an excellent overall outcome for the UK, which delivers on all of the Government's priority objectives for the

negotiations. Having negotiated hard to secure these changes to the rules, it would be perverse not to implement them. This option is therefore not preferred.

Policy choices

8. The Directive permits a limited number of choices to be made on whether or how to transpose particular provisions. A number of the choices are also permitted in the Public Sector Directive, another directive in the package, which were the subject of a public consultation in autumn 2014. Following that consultation, decisions on the policy choices were taken for all three Directives in the package and were confirmed in the Government Response to the consultation published in January 2015. There has not been any change to these decisions as a result of the recently completed public consultation on implementing the new Utilities Contracts Directive. The decisions maximise simplification and flexibility, avoid gold-plating, and do not go beyond EU minimum requirements. The impact of these policy choice decisions has been assessed in this IA.

Business impact

9. The new Directive applies to procurements made by utilities with a value excluding VAT estimated to be equal to or greater than certain thresholds specified in the Directive. These thresholds are the same as those which apply under the 2004 directive, except for the light-touch regime for certain service contracts which is a new regime being introduced under the new Directive. The thresholds are:

   - €414K (£345K) for supply and service contracts, except those services under the light-touch regime;
   - €1M (£833K) for service contracts under the light-touch regime; and
   - €5.186M (£4.3M) for works contracts.

10. There is only very limited scope for the Government and other UK stakeholders to influence the substantive content of the UK's implementing regulations. Most of the provisions of the Directive are mandatory for Member States to transpose, so the UK cannot alter the substance in transposition.

11. The utilities to which the new Directive applies are those in the energy, water, transport and postal services sectors, but not electricity generation, energy supply and production of or exploration for oil and natural gas in England and Wales. These UK sectors were exempted by the European Commission from the scope of the 2004 directive, because they operate in competitive markets, and this exemption will continue to apply under the new Directive.

12. The sector comprises public sector utilities (such as Dart Harbour & Navigation Authority) and private sector utilities (such as Associated British Ports, and Great Western Railway). As stated later in this IA, we estimate the private/public split to be 60%/40%.

13. The costs and benefits estimates and assumptions set out in this IA have been put to the test during a public consultation on implementing the new Directive. Some respondents said the changes overall will result in minimal benefit or zero net cost. Others identified either a small benefit or a small cost, or both.

14. The new Directive removes or reduces regulatory requirements on business in the following key respects:

   - Utilities will no longer have to submit detailed annual statistics to the European Commission covering every procurement conducted under the rules (monestised);
   - Electronic catalogues will be expressly permitted (non-monetised);
   - The current rules on Dynamic Purchasing Systems (DPS) have been simplified (non-monetised);
   - The new rules encourage and allow preliminary market consultation (non-monetised); and
   - Greater use of supplier self-declarations to provide proof of status (non-monetised).

15. There will be a small cost on utilities as a result of some service contracts now being obliged to follow either the full rules or the new light-touch regime for certain service contracts. This change has been monetised.

16. Business groups such as the CBI and the Business Services Association are supportive of the changes and welcome the benefits they will deliver.

Assumptions

17. Analysis of the annual statistics returns submitted by utilities for 2012 and 2013 shows the proportion of private sector utilities was 57% in 2012 and 63% in 2013. This minor variation between the years reflects small changes in the number of contracts awarded by private sector utilities as a proportion of all public contracts awarded by utilities. Private sector utilities are therefore estimated to comprise 60% of the utilities sector, being the average derived from the statistics returns for these years (57% + 63% ÷ 2). This is the same as that estimated and assumed at consultation stage. Following the public consultation, we believe it is reasonable to continue to assume the private/public split is 60%/40%. It is also assumed this split will remain unchanged in future, as further major privatisation seems unlikely.

18. The number of contracts placed by utilities in a year is small. Analysis of annual statistics returns submitted by utilities shows that in 2013 there were 597 above-threshold contracts awarded by utilities. In 2014, there were 537. Of these, an estimated 31 of former "Part B" service contracts will be subject to the full rules or the new light-touch regime, making this the number of contracts affected each year (see paragraphs 21 and 30).

19. At consultation stage, following engagement with the sector, we estimated it takes 3 hours, on average, to complete a contract notice form for advertising a light-touch regime contract opportunity in OJEU. We also estimated the average hourly rate for the procurement staff involved in completing, approving and sending this form to OJEU is £50 including non-wage costs, based on the compliance cost reports from utilities for 2012. The cost was therefore estimated at consultation stage to be £150 (3 hours @ £50 per hour). Following the public consultation, we believe 3 hours continues to be a reasonable estimate for utilities impacted by this change and that the hourly rate of £50 per hour is also reasonable.

20. At consultation stage, following engagement with the sector, we estimated that 11% of utilities will procure former Part B service contracts per year under the new light-touch regime (see paragraph 28 for the definition of Part B service contracts). Following the public consultation, we believe this continues to be a reasonable estimate of the number of utilities that will be affected by this change.

21. For ports, respondents representing 30% of that sector expect 2 of their former Part B service contracts per year to now be procured under the full rules, following abolition of the limited rules for Part B service contracts. Extrapolating that figure to the whole of the ports sector, we estimate that 7 former Part B service contracts per year will now be procured under the full rules. Ports do not expect any of their former Part B service contracts to fall under the new light-touch regime.

Monetised benefits

Administrative savings (direct benefit)

22. Utilities will no longer have to submit detailed annual statistics on their procurement activities. The European Commission will collect this information directly from an on-line system, freeing up time and resources for utilities. Analysis of the latest available compliance cost reports from all 50 utilities who submitted statistics returns for 2012 shows the total cost incurred in collecting and submitting this information was £10K. Adjusted for inflation, this is £10.5K at 2015 prices. The next compliance cost reports are not due until the statistics returns for 2017, hence the 2012 reports provide the latest available data. Given the small sum involved, it would not be proportionate to seek estimates from utilities of the compliance costs for the intervening years. Responses received during the public consultation did not lead us to believe that this estimated cost saving is unreasonable.

Non-monetised benefits

Other administrative savings (direct benefit)

23. The other changes that remove or reduce regulatory requirements will deliver relatively low benefits because of the small number of contracts placed by utilities in a year. Information to monetise them was sought during the public consultation, but none was provided by respondents. This suggests there is little monetary benefit from these changes and further attempts to monetise them would not be proportionate. These non-monetised benefits are as follows:

 - Use of electronic catalogues will be expressly permitted. Such catalogues are an electronic list of goods or services for purchase complete with their prices and delivery times, of a type commonly provided by on-line retailers. The 2004 directive is silent on whether such procurement techniques can be used, which causes uncertainty and can in some cases result in a procurement being delayed while legal advice is obtained. By making express provision for the use of electronic catalogues, the new Directive creates certainty for utilities because there is no longer any doubt as to their legality. This will enable utilities to procure goods or services more quickly in cases where electronic catalogues are to be used;

 - The current rules on DPS have been greatly simplified. A DPS is a completely electronic system which may be established by a utility to purchase commonly used goods or services. A DPS is an agreement with suppliers that sets out the terms and conditions under which specific purchases (call-off contracts) can be made by competition throughout the period of the DPS. The 2004 directive requires every call-off contract opportunity to be advertised in OJEU. The new Directive removes that requirement, easing the regulatory burden on utilities. In future, only the DPS itself will have to be advertised;

 - The new rules encourage and allow preliminary market consultation between utilities and suppliers, which should ease the burden on utilities by facilitating shorter procurement times; and

 - The new rules allow for greater use of supplier self-declarations, which means only the winning bidder will be required to submit various certificates and documents to prove their status (unlike all bidders, as required by the current rules).

Increased service quality (direct benefit)

24. By encouraging more suppliers into the market and increasing competition as a result, the new rules could help to enhance the quality of services offered in competition. Consumers of these services will benefit as well should utilities decide to procure such enhanced services where they offer best value for money. As the consultation suggested the extent to which competition is increased in practice would be minimal (see paragraphs 34 and 35), these benefits are non-monetised.

Improved legal safeguards (direct benefit)

25. Utilities will also benefit from several other improvements and new flexibilities in the rules, enabling better commercial outcomes to be achieved. These benefits are as follows:

 - Poor performance under previous contracts will be explicitly permitted as grounds for exclusion. Utilities will, for the first time, be legally allowed to exclude suppliers who have a poor track record. This is in line with the Government's view that ineffective or poorly-performing suppliers should not be awarded public contracts, but has never been allowed under previous EU procurement rules;

 - Improved safeguards from corruption. These include:

    - Safeguards against conflicts of interest to prevent, identify and remedy any distortion of competition;

    - Provision against illicit behaviour by suppliers, such as attempts to improperly influence the decision-making process or collusion; and

    - Safeguards against undue preference in favour of suppliers who have advised the utility or been involved in the preparation of the procurement.

- Improved rules on social and environmental aspects. Utilities will be able to:

    - Take account of social aspects in contract award criteria;

    - Require certification or labels or other equivalent evidence of social or environmental characteristics; and

    - Refer to factors linked directly to the production process.

- Full life-cycle costings can be taken into account when awarding contracts. This should encourage more sustainable or better value procurements which may save money over the long term, particularly where the procurement appears more costly on initial purchase price; and

- Legal clarity that skills and experience of relevant personnel can be taken into account at the contract award stage where relevant in contracts for services, for example.

Monetised costs

Familiarisation costs (direct cost)

26. Ports representing 30% of the ports sector estimate they will incur £9K in non-recurring familiarisation and training costs to prepare for the changes. They have said we should assume that level of cost will be repeated throughout the rest of the ports sector. Extrapolating this to the whole of the ports sector, the familiarisation cost for ports is therefore £30K (£9K x 3.33).

27. Other utilities took advantage of free face-to-face training sessions delivered by Cabinet Office to familiarise utilities with the new rules and to enable them to prepare for the changes. Feedback received from the sessions demonstrates this training was sufficient and enabled a good level of familiarisation among utilities. The cost to utilities of attending this training, in terms of time consumed in doing the training, is £23.4K (4.5 hours @ £50 per hour (see paragraph 19) x 104 delegates). By providing this training free of charge, we have minimised the familiarisation costs to utilities. It is assumed that all utilities needing to familiarise with the new rules attended the training.

Increased procurement process costs (direct cost)

28. The 2004 directive applies the rules to service contracts in two discrete ways. Part A services (such as maintenance and repair of vehicles, advertising services, and building cleaning services) are subject to the full rules where the value of the contract is equal to or greater than €414K (£345K). Part B services (such as health, social services and education services) are only subject to the rules on technical specifications and contract award notices but are subject to the same €414K threshold. The new Directive removes that distinction. Some former Part B service contracts will now be subject to the full rules. Others will be subject to a new light-touch regime for social, health and some other services to which a much higher threshold of €1M (£833K) applies. The main change for these contracts is the requirement to advertise above threshold contract opportunities in OJEU. Some services will now fall outside the rules altogether on the grounds of an exclusion or exemption.

29. Following pre-consultation engagement with the sector, we estimated that 11% of utilities will procure former Part B service contracts per year under the new light-touch regime. Following the public consultation, we believe this estimate continues to be reasonable. The annual statistics returns submitted by utilities for 2012 and 2013 show that 64 utilities in total advertised contracts in OJEU in

those years and were thus complying with the procurement rules, an average of 32 utilities per year. It is therefore estimated that 4 utilities per year (32 x 0.11 = 3.52, rounded to 4) will be affected by this change.

30. During pre-consultation engagement with the sector, one utility estimated that 6 of its former Part B service contracts per year will now go through the new light-touch regime. No other utility was able to provide such an estimate at that time. Following the public consultation, we believe it is reasonable to assume that the 4 utilities estimated to be impacted by this change will each procure the same number of 6 former Part B service contracts per year under the new light-touch regime. The number of contracts affected by this change is estimated to be 24 per year (6 x 4).

31. The average cost to utilities of completing a contract notice form for advertising each light-touch regime opportunity in OJEU is estimated to be £150. The additional burden created by this change is therefore estimated to be £3.6K per year (24 x £150).

32. Pre-consultation engagement with the sector suggested no former Part B service contracts would be procured under the full rules as a result of this change. Some utilities said they have a policy of treating Part B contracts in the same way as Part A, which means they are already bearing the cost of complying with the full rules and this change will have no impact. Some utilities said all of their Part B contracts are below threshold, and so are out of scope. While others said all of their service contracts are Part A.

33. This view remains unchanged following the public consultation, with the exception of ports who expect that a small number of former Part B service contracts will now be procured under the full rules (7 contracts, as explained in paragraph 21). They estimate the annual cost of this change and other procurement process costs created by the other changes is £69K per year, including annual training. This estimate has been supplied by ports representing 30% of the ports sector, who have said we should assume that level of cost will be repeated throughout the rest of the ports sector. We therefore estimate these additional procurement process costs to be £230K per year (£69K x 3.33).

Costs for private sector bidders

34. We have considered the potential impact of the new rules on private sector bidders for utilities contracts. The outcome from the public consultation suggests there will be no impact. The new rules do not regulate bidders and they do not, therefore, have public procurement processes that need to be adapted to implement and comply with the changes. Nor will bidders incur familiarisation costs. Bidders typically focus on the requirements for a contract opportunity as set out in the contract notice or invitation to tender and respond to the opportunity in accordance with those requirements. This forms part of the costs of bidding which are already incurred by bidders under the current regime. These costs will see a small reduction (non-monetised) as a result of the new rules.

35. The EU utilities procurement market is already open to EU-wide competition under the current rules. Whilst the new rules will make it easier for EU suppliers to bid for contracts in the UK, no concerns were raised that this would lead to further market opening. UK businesses will have as much opportunity as now to bid for and be awarded utilities contracts elsewhere in the EU.

Impact on public and private sectors combined

36. The net present value is estimated at -£1.97M, discounted at 3.5% a year over 10 years, as summarised in the following table:

Change	Transition Cost £K	Monetised Annual Cost £K	Monetised Annual Benefit £K	Net Annual Cost £K
Familiarisation costs (paragraphs 26 and 27)	53.4	N/A	N/A	N/A
Ending the supply of annual statistics to the European Commission	N/A	N/A	10.5	(10.5)

Change	Transition Cost £K	Monetised Annual Cost £K	Monetised Annual Benefit £K	Net Annual Cost £K
(paragraph 22)				
Former Part B service contracts going through the new light-touch regime (paragraph 31)	N/A	3.6	N/A	3.6
Former Part B service contracts going through the full rules and other procurement process costs (paragraph 33)	N/A	230	N/A	230
Total costs and benefits	**53.4**	**233.6**	**10.5**	**223.1**
		Total Present Cost £M	**Total Present Benefit £M**	**Net Present Value £M**
Total costs and benefits, discounted over 10 years		**2.06**	**0.09**	**-1.97**

Impact on businesses

37. We estimate that 60% of utilities are in the private sector (paragraph 17). Therefore 60% of the total costs and benefits would accrue to firms in the private sector.

38. Transition costs to business are £32K (£53.4K x 0.6).

39. Annual business benefits are £6.3K (£10.5K x 0.6) and annual business costs are £140.2K (£233.6K x 0.6). Net annual costs are therefore £133.9K (£223.1K x 0.6).

40. The net cost to business per year (equivalent annual net cost to business in 2014 prices) is estimated at **£0.14M** using the BRE online impact assessment calculator and the above cost and benefit figures.

41. The business NPV over 10 years is therefore -£1.21M.

42. As this is an EU Directive it is not in scope of one-in three-out.