
 Regulatory Policy Committee	OPINION	
Impact Assessment (IA)	Impact Assessment of the transfer of private sewers and lateral drains to statutory water and sewerage companies	
Lead Department/Agency	Department for Environment, Food and Rural Affairs /Ofwat	
Stage	Final	
Origin	Domestic	
Date submitted to RPC	20/03/2012	
RPC Opinion date and reference	28/06/2012	RPC11-DEFRA-0778(3)
Overall Assessment	GREEN	
<p>The IA is fit for purpose. Based on the additional information and clarification on the methodology, the revised assessment of the One-in, One-out position as an 'IN' with 'zero net cost' to business appears reasonable.</p>		
<p>Identification of costs and benefits, and the impacts on small firms, public and third sector organisations, individuals and community groups and reflection of these in the choice of options</p> <p>As part of the Statement of New Regulation 2 we have previously confirmed this proposal as 'an IN' of £185.6 million in Equivalent Annual Net Cost to Business (EANCB) terms. Following the recommendation of the Cross-Whitehall Group of the Economics of Regulation to consider the value of the assets transferred to the water companies in the calculations of the net direct impact on business, the Department has revised and resubmitted the IA for validation of the revised EANCB estimate.</p> <p>The revised IA now considers that the assets transferred to the water companies represent a benefit to these companies which needs to be considered in the EANCB calculation. The Department estimates the value of the assets at £203 million, which is calculated based on the estimated future flow of financial returns on those assets. This additional benefit compensates the additional costs to the water companies, which the IA says will make the overall net position of the proposal as 'an IN' with 'zero net cost' to business.</p> <p>While we accept that the assets transferred to the water companies have some value, we note that the actual size of those assets is highly uncertain.</p>		
<p>Have the necessary burden reductions required by One-in, One-out been identified and are they robust?</p> <p>The revised IA says the proposal is an 'IN' with 'zero net cost' to business. Based on the additional information and clarification provided this appears reasonable.</p>		
<p>Signed</p> 	<p>Michael Gibbons, Chairman</p>	