

Title: Copyright exceptions for disabled people IA No: BIS0308 Lead department or agency: IPO Other departments or agencies:	Impact Assessment (IA)		
	Date: 13/12/12*		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: robin.stout@ipo.gov.uk			

Summary: Intervention and Options **RPC:** GREEN

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, One-Out?	Measure qualifies as
£0.66m	£0.66m	-£0.07m	Yes	OUT

What is the problem under consideration? Why is government intervention necessary?
 Copyright law includes exceptions that allow visually impaired people and other specific groups of disabled people - and people and organisations acting on their behalf - to make accessible versions (e.g. Braille versions) of literary, dramatic, musical or artistic works without infringing copyright. However, these exceptions do not benefit all groups of people (e.g. those with dyslexia) who are unable to access works due to their disability, and they do not apply to all works (eg. audio description of films). The exceptions can be complicated by licensing schemes, and the process authorising organisations to make certain accessible copies is bureaucratic.

What are the policy objectives and the intended effects?
 The policy objective is to simplify the law and ensure that as many people as possible who have disabilities that prevent them accessing copyright works in their original format are able to benefit from accessible versions of these works.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 Option 0: Do nothing
 Option 1: Broaden the scope of the current disability copyright exceptions to include all types of relevant disability and copyright work, and simplify processes and procedures related to these exceptions
 Option 2: Prevent licensing schemes from taking precedence over exceptions for disabled people
 Option 3: Implement Options 1 and 2

 Each option is expected to provide benefits. Option 3 is our chosen option as it will provide the sum of the benefits of Options 1 and 2.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 04/20					
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 Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO2 equivalent change in greenhouse gas emissions? (Million tonnes CO2 equivalent)			Traded: n/a		Non-traded: n/a

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: Younger of Leckie Date: 23 March 14

Summary: Analysis & Evidence

Policy Option 1

Description: **Broaden the scope of the current disability copyright exceptions to include all types of relevant disability and copyright work, and simplify processes and procedures related to these exceptions**

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0

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

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

We expect that costs to copyright owners, disabled people and organisations making accessible works will be zero. The exception does not apply if accessible copies are commercially available, so no impact on copyright owners' sales revenues are expected. Collecting societies either do not charge fees for licences allowing the making of accessible copies or charge minimal fees to cover their administrative costs, so will lose no licensing revenue. Organisations choosing to make accessible works will be compensated through sales of these works. Simplifying processes and procedures is not expected to introduce any costs.

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

There may be costs to collecting societies if they choose to set up new licensing schemes based on a wider exception, though they are unlikely to do so unless it will benefit them overall.

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

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

It has not been possible to monetise the benefits of widening the exception, as these are largely social and cultural. There are benefits of simplifying related procedures but expect these to be small, and therefore do not consider it proportionate to monetise.

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

- Disabled people will have better access to cultural and informative materials, providing social and cultural benefits, and allowing them a better life and the potential to contribute to the economy more effectively.
- Markets for accessible works and technology could be stimulated due to broadening of this exception.
- Simplification of related processes/procedures would mean that organisations wishing to subtitle broadcasts on behalf of deaf and other disabled people would be able to do so without going through a bureaucratic process, and Government would no longer have to invest resources in administering this process.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

- We assume that copies made under these exceptions will not compete with commercially available copies, and that provisions guarding against this are effective.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	Yes	Zero net cost

Summary: Analysis & Evidence

Policy Option 2

Description: Prevent licensing schemes from taking precedence over exceptions for disabled people

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0.60	High: 0.73	Best Estimate: 0.66

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

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

At least two collecting societies run licensing schemes in this area. Each could potentially experience costs due to loss of licensing revenue if the option to charge for a licence is removed. However, as the price of licences currently is set at zero or at a minimal level to cover administrative costs only, we estimate no costs to collecting societies, and no costs are expected to arise for users.

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

Removing the ability to license copies made under these exceptions may make it difficult for collecting societies to monitor and support the accessible copies market. Statutory reporting requirements would not be affected, and specific costs to copyright owners in this area are unclear, but the fact that licenses currently exist.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0.1	0.6
High	0	0.1	0.7
Best Estimate	0	0.1	0.7

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

We estimate current one-off, average costs to organisations making accessible copies (arising from the requirement to register and interact with licensing bodies) to be under £10 (negligible - rounded to zero), and annual costs to be £599. If the ability to license is removed, each of the organisations currently holding a licence will therefore save £599 per annum. We are aware of 127 such organisations, so total benefits are £76,073.

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

- As collecting societies will no longer have to administrate these licences (from which they make no profit), they may benefit from removal of the associated costs.
- Organisations making accessible copies will benefit from greater clarity and freedom due to no longer having to deal with inconsistent licensing terms.

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

- We assume that, as no fees or minimal fees to cover administrative costs only are currently charged by collecting societies for disability access licences, removing them will present no cost to copyright owners.
- A 10% sensitivity analysis on the numbers has been carried out

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0.1	Net: 0.1	Yes	OUT

Summary: Analysis & Evidence

Policy Option 3

Description: **Implement Options 1 and 2**

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)			
			Low: 0.60	High: 0.73	Best Estimate: 0.66	
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)	
Low	0	1	0		0	
High	0		0		0	
Best Estimate	0		0		0	
Description and scale of key monetised costs by 'main affected groups'						
None - see options 1 and 2						
Other key non-monetised costs by 'main affected groups'						
None - see options 1 and 2						
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)	
Low	0	1	0.1		0.6	
High	0		0.1		0.7	
Best Estimate	0		0.1		0.7	
Description and scale of key monetised benefits by 'main affected groups'						
As we have only been able to monetise benefits for Option 2, the monetised benefits of this option are currently the same as for Option 2, i.e. £599 per annum per organisation, £76,073 per annum total.						
Other key non-monetised benefits by 'main affected groups'						
<ul style="list-style-type: none"> - More disabled people will benefit from access to copyright works. - Social and economic benefits of providing access to copyright works to people with disabilities. - Cost and time saving from removal of need to enter into licensing schemes. - Possible expansion of the accessibility technology market as a result of increased demand for accessible works. 						
Key assumptions/sensitivities/risks					Discount rate (%)	3.5
<ul style="list-style-type: none"> - We assume that copies made under these exceptions will not compete with commercially available copies, and that provisions guarding against this are effective. - Option 3 will provide at least the sum of benefits of Options 1 and 2. 						

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0.1	Net: 0.1	Yes	OUT

Evidence Base (for summary sheets)

Background

The Copyright Act includes exceptions that allow visually impaired people and other specific groups of disabled people, as well as people and organisations acting on their behalf, to make accessible copies (e.g Braille, large print and audio versions) of creative works (such as books) without infringing the copyright in them.

Copyright exceptions currently permit the making of accessible works for visually impaired people in two circumstances:

- (i) If a visually impaired person lawfully possesses a copyright work but is unable to access it because of their impairment, a single accessible copy can be made for their personal use.
- (ii) If an approved non-profit or educational organisation possesses a copy of a work, they may make and supply multiple accessible copies to visually impaired people.

In addition, people who are deaf, hard of hearing, or have a physical or mental disability benefit from an exception that allows designated not-for-profit bodies to subtitle broadcasts without infringing copyright.

These exceptions only apply if commercial accessible copies, in the required format, are not available. Thus they exist specifically to address a market failure: the under-provision of accessible works.

These exceptions only apply if the disability impairs someone from accessing works in the current format. Therefore this exception would not allow disabled people, whose disability would not impair them from using the original work to have copies made for them.

Problem under consideration

The current disability exceptions do not benefit people with certain disabilities. For example, dyslexic people often find it easier to understand audio books than print books but, as they do not fall within the current definition of a “visually impaired person”, many books may remain inaccessible to them.

Additionally, the current disability exceptions only apply to certain types of copyright work (i.e. literary, dramatic, musical or artistic works), and do not include films, broadcasts or sound recordings. This means they do not permit the making of an audio description that enables a visually impaired person to access a film. Similarly, the exception that permits subtitling of certain copyright works (i.e. broadcasts) to make them accessible to deaf and other disabled people does not apply to films, sound recordings and other copyright works.

Groups that wish to make accessible copies for disabled people face barriers in doing so. Organisations providing accessible works to visually impaired people need to subscribe to licensing schemes, which create administration costs. Those wishing to subtitle broadcasts need to be added to an officially sanctioned list - a process which is both bureaucratic and time consuming.

These restrictions on the current exceptions mean that many disabled people are unable to access copyright works, which in turn means that they are unable to participate in our society, culture and economy as easily as other people.

Rationale for intervention

Copyright incentivises and rewards creators and producers by giving them the rights to control how their works are used, and by whom, including the right to seek payment for their use. Copyright thus imposes costs on users and consumers of copyright works to the benefit of creators and producers of them.

Given the inherent costs to users and consumers, and often creators and producers themselves, certain acts are removed from copyright infringement through specific exceptions. Government agrees with the argument made by the Hargreaves Review that copyright should only restrict useful activity by third parties to the extent necessary to fulfil its fundamental purpose - the provision of incentives to creators. To this end, the Government intends to implement more exceptions to copyright - and widen existing

ones - to the extent that EU law permits, and to the extent possible without undermining these incentives.

The UK is party to the UN Convention on the Rights of Persons with Disabilities. Convention members recognise the right of disabled people to enjoy access to cultural materials in accessible formats, and take all appropriate measures to enable this. The EU Copyright Directive also urges EU states to adopt all necessary measures to facilitate access to copyright works by disabled people, and an international agreement on access to copyright works by visually impaired people is being negotiated. These international obligations also support the case for removing copyright restrictions when these inhibit the provision of accessible works.

Policy objective

Our policy objective is to ensure that as many people as possible who have disabilities that prevent them accessing copyright works in their original formats are able to access these works. Amending and simplifying our copyright exceptions so that more people with disabilities can benefit from access to more types of copyright works will increase the benefits delivered to disabled people. We intend to do this without undermining the incentives to creators provided by copyright protection.

Description of options considered (including do nothing)

A number of separate options have been considered. In all options, the exceptions will continue to apply only to the extent there is a market failure – i.e. accessible copies are not available commercially.

Option 0: Do nothing.

Option 1: Broaden the scope of the current disability copyright exceptions to include all relevant types of disability and all types of copyright work, and simplify the processes and procedures related to these exceptions.

Option 2: Prevent licensing schemes from taking precedence over exceptions for disabled people.

Option 3: Implement Options 1 and 2.

An impact assessment at the final stage of review would normally focus specifically on the chosen option and summarise the other options. In this instance the chosen option is 3, which incorporates options 1 and 2. For this reason, all options will be discussed in their entirety.

Option 0: Do nothing

As described above, the Copyright Act provides exceptions for visually impaired people, and those who are deaf, hard of hearing or have physical or mental disabilities. Under this option, these groups would continue to benefit from these exceptions to the extent they apply to limited types of copyright work, while other groups of disabled people would continue to be excluded from the exceptions. Organisations making accessible works for disabled people would continue to be required subscribe to licensing schemes (where they exist), and to go through a bureaucratic authorisation process in some cases. Due to these restrictions, our policy objective set out above would not be met.

Option 1: Broaden the scope of the current disability copyright exceptions to include all relevant types of disability and copyright work, and simplifying the processes and procedures related to these exceptions

Under this option, our exceptions for people with disabilities would be widened to include people with any disability, if and to the extent that such a person is unable to access a copyright work due to their disability, and the scope of the law would be broadened to cover all types of copyright work. This would enable individuals and organisations to make accessible copies of films, broadcasts and sound recordings in addition to literary, dramatic, musical or artistic works. For example, it would enable organisations to add subtitles or audio-descriptions to films in order to make them accessible to disabled people, but only if commercial copies with these options are not already available. Simplification of the processes and procedures relating to these exceptions, in particular the requirements on “approved bodies” and the clarification of the scope of the law, including whether accessible copies can be exported, will remove unnecessary burdens on organisations that support disabled people.

Responses to the consultation showed that stakeholders were generally in support of broadening the exception to cover all relevant types of disability and works, the strongest support coming from RNIB and Share the Vision. There was little opposition to these proposals.

Costs

The current disability exceptions only apply when accessible copies in a required format have not been made commercially available by, or with permission from, the copyright owner. This means that the financial incentive for copyright owners to produce their own accessible works is retained, and that other organisations are unable to compete with these.

Only people who have a disability that prevents them accessing a work can benefit from these exceptions, and copyright works can only be modified to the extent necessary to provide access. In addition, as is currently the case, individuals and approved bodies benefiting from these exceptions will need to lawfully possess or have lawful use (e.g. through a licence) of a work before they can make an accessible version of it, so there would be no loss of sales revenue or licence fees.

Organisations that are entitled to make accessible copies under the disability exceptions are required to keep records of the accessible copies they make, and to notify bodies (i.e. collecting societies) representing copyright owners about these copies. This reduces the risk of infringement, and helps to ensure that accessible copies are not produced under this exception when they are available commercially. We do not intend to remove these requirements. Moreover, the risk of charitable organisations producing commercially available accessible copies in breach of the exception is limited, as it would not be in their interests to do so if such copies are already available on the market.

Those who do not have a visual impairment also enjoy works in alternative formats, e.g. audio books. However, in light of the factors described above, and a lack of evidence to the contrary, there is no reason to believe that there would be an impact on these sales if the exception was broadened. The RNIB have been making accessible copies for visually impaired people under the exceptions since 2003, and no evidence has been provided to show that specialist copies intended for visually impaired people have found their way onto the commercial market. As such, we anticipate no costs to copyright owners.

There may be an increase in the number of organisation wishing to make accessible works under these exceptions, and there may also be an increase in demand for licences, where they exist. However, it will be the choice of not-for-profit organisations whether or not they make and provide accessible copies, and it will be the choice of collecting societies whether or not they wish to expand their licensing schemes or grant more licences. Organisations making accessible copies are able to recoup their costs by charging for these copies, on a cost-recovery basis, and will only provide accessible copies when they have the resources to make them and they judge to be beneficial.

No costs are expected to arise as a result of simplifying the processes and procedures relating to these exceptions.

In view of the above factors, we estimate a zero net cost overall.

Benefits

Social

We anticipate that broadening the exception will have significant social and cultural benefits for people who are unable to access copyright works due to their disability.

Research from the Office of Disability Issues has shown that 33% of disabled people still experience difficulties in accessing goods and services. According to the British Dyslexia Association, 10% of the British population have dyslexia - 4% severely - and a change to the law would enable a host of copyright works to be made available in a form that is accessible to them.

Many audiovisual materials are inaccessible to visually impaired people, and broadening these exceptions to cover films and sound recordings would make it easier for visually impaired people to access these materials through, for example, audio description. (Audio description can be added to a film to enable a visually impaired person to understand the film by explaining what is happening.)

More disabled people will be able to benefit from accessible copies of a broader range of copyright works. Any disabled person who is better able to access copyright materials will be able to engage in our society and culture to a greater degree.

Economic

Enabling more groups of disabled people to access copyright works currently inaccessible to them means these people will be more able to contribute to the economy. It may help them to acquire new skills, give them more opportunities or choices of employment, and encourage creativity and innovation by them that will contribute to economic growth.

Broadening the scope of the law to include all copyright works could increase the demand for accessible technology services such as captioning and audio description. According to the submission to the Hargreaves Review by the Royal National Institute for Blind People (RNIB), these are industries and practices in which the UK leads the world. An increase in demand for these services from visually impaired people may also stimulate the creation of new commercial markets, where there were none previously.

At consultation, we sought to attain further information regarding:

- The number of people who have a disability that prevents them accessing a work who are not covered by the current law;
- How visually impaired people benefit from the existing exceptions;
- The links between improved accessibility of goods and services, and improvements in skills and employment opportunities;
- The types new services expected to be produced under this option, and the contribution of these services to economy; and
- Likely demand for accessible copies in the new formats expected to be produced.

Evidence was provided by some universities, who agreed that this exception would benefit a significant number of students with a disability. Some responses commented on the number of dyslexic students that could be helped with this exception, with one university stating that they have over one thousand. The Bodleian Library submitted evidence of the number of users benefiting from its Accessible Resources Acquisition and Creation unit in 2008-11. Of these 13 were considered visually impaired within the definition of the relevant copyright exception, whereas 12 were not (these had conditions including dyslexia and mental health disorders). Based on this evidence, the Bodleian and similar organisations are likely to be able to make works accessible to roughly double the number of users as they are currently able to.

These are useful insights, providing some evidence of the people that this exception will help, and giving a sense of its impact. Unfortunately as numbers related to a small number of people and organisations, there was insufficient evidence enabling proportionate monetisation of benefits for this option.

Wider social and economic benefits

Those wishing to become approved bodies in order to subtitle broadcasts (and possibly other works, if other options are implemented) for deaf, hard of hearing, and physically or mentally disabled people will benefit from a simplified approval process. Only one such body is currently registered (and appears to have ceased operating) but IPO is aware of two bodies that wish to achieve such status, and others may wish to join them should the process be simplified.

Removing this barrier to approval could therefore increase the number of bodies providing subtitling services, with benefits to the relevant disabled people, who will be able to participate more easily in our society, culture and economy.

Benefits of reduced administration costs

As described above, the Copyright Act provides two different types of exception that permit organisations to make accessible copies of copyright works on behalf of disabled people, without infringing copyright. The first allows organisations (such as the RNIB) to make accessible copies of literary, dramatic and musical works for the benefit of visually impaired people, and the second allows organisations to make subtitled copies of broadcasts for the benefit of deaf and other disabled people.

Each of these exceptions takes a different approach to approving such bodies:

- a) The exception benefitting visually impaired people, bodies are approved automatically if they are “an educational establishment or a body that is not conducted for profit”. The Secretary of State is able to remove approved status from such a body if it is acting inappropriately, but we are unaware of any cases where this has occurred.
- b) The exception permitting subtitling of broadcasts, the Secretary of State must actively approve bodies, by adding them to an Order, made by Statutory Instrument (SI).

Removing the approval requirement applying to the exception for subtitling broadcasts, and bringing it into line with the less burdensome process already in place for the visually impaired people exception would provide a benefit to Government. The benefit would be time saved by regulatory committess, legal advisors and the Secretary of state for preparing, consulting on and approving the legislation.

We were unable to attain proportionate data for this at consultation or through subsequent investigation, and therefore still cannot monetise these benefits.

Option 2: Prevent licensing schemes from taking precedence over exceptions for disabled people

Under this option, rules which allow licensing schemes to take precedence over these copyright exceptions would be removed. Currently, these exceptions only apply to the extent that licensing schemes permitting copying for disabled people are unavailable. The Copyright Licensing Agency (CLA) operates such a scheme, which means that in practice much making of accessible copies is done under the CLA licence rather than the exception.

Costs

No new direct costs – to copyright owners, individuals or organisations making accessible works on behalf of disabled people – are expected to arise as a result of this option. We will retain the restriction that means this exception only applies when commercial accessible copies are unavailable, so copies made under the exception cannot compete with commercially available copies.

Licensing schemes mean that, in theory, copyright collecting societies – acting on behalf of copyright owners - are able to charge organisations for the right to make accessible copies. We are aware of two collecting societies that operate licensing schemes covering the making of accessible copies – the Copyright Licensing Agency (CLA) and the Music Publishers Association (MPA). CLA charges no fee to users of its scheme, while the MPA charges an administration fee of £5 in order to cover costs. As such, copyright owners do not appear to benefit from licensing income as a result of this arrangement. In view of this, removal of their right to license the making of accessible copies would appear to result in no loss of fee income by copyright owners.

Responses to the consultation showed that collecting societies and those in the publishing sector (e.g. the Publishers Association) consider maintaining licences important due to certain non-financial benefits that arise from them, including an ability to monitor when accessible copies are made, for whom and by whom. However, given the requirement built in to the current visually impaired exception (in Section 31C) to keep adequate records and supply them to copyright owners, it appears that benefits would be retained even if the need to license was removed.

We recognise that a close relationship between organisations making accessible copies and those representing copyright owners is important, and licences can provide benefits over and above those delivered by an exception – for example, publishers may provide access to digital files under licence, or pre-publication copies.

In addition, certain responses (see e.g. the BSAC response) suggested that any suggestion to remove licensing be considered very carefully in relation to the film sector, to avoid unintended risks of copies of films entering circulation without copy protection, potentially in advance of territorial release dates etc. We would want to limit such risks in implementation.

Although there appear to be few, if any, direct costs to copyright owners that will arise as a result of removing the ability to license this exception, we recognise the concerns of copyright owners and the added security that they feel licences currently give them.

Benefits

Administrative cost savings to licence users

The PwC report “An economic analysis of copyright, secondary copyright and collective licensing” (2011) provides estimates of the costs to higher education (HE) organisations of registering with collective licensing schemes operated by CLA. As HE organisations are a category of organisation that can apply for a CLA print disability licence, we have used the available time estimates as a basis for estimating the costs of applying for and administering a disability access licensing scheme.

Action	Time	Occurrence	Applies to disability licence
1. Navigate CLA website	0.5 hrs	transition	V
2. Read licence & transact with CLA	4.5 hrs	p.a.	V
3. Make payments	2.0 hrs	p.a.	
4. Keep records	0.25 hrs	per item	
5. Undergo audits	25.0 hrs	p.a.	
6. Liaise with account managers and check terms	48.0 hrs	p.a.	V

Source: PwC (2011)

The requirement to keep records (4) is inherent to the exception, so is not an extra cost added by the licence scheme. Therefore, the transition time-cost of acquiring the licence is estimated at 0.5 hours, while the annual cost to a user of managing a licence of this sort would be 52.5 hours per annum (read licence and transact with CLA 4.5 hours + liaise with account managers and check terms 48 hours). We have assumed that the majority of organisations that would want to apply for a disability licence have already done so and therefore the numbers of potential new organisations will be minimal. Therefore, we expect the transition cost savings to be close to zero.

Using the ASHE 2011 median hourly earnings of administrative and secretarial occupations (£9.84) and applying an uplift of 16.4%¹ to cover overheads, this translates to a one-off cost of less than ten pounds and annual costs of £599 (52.5 hrs x £9.84 x 1.16) to organisations that make accessible works.

CLA have confirmed that it licenses 127 organisations under its disability licence scheme, so our current best estimate of the administrative cost savings to current users of these licences resulting from removing the requirement to hold a licence in order to make accessible copies is therefore £76,073[127 x £599] per annum. We do not have the data from MPA so we cannot estimate the benefits to MPA licence users. However as MPA deals with a smaller market we would expect the number of licences to be less than CLA's 127 disability licences, and hence the benefits would be under £76,000

One respondent organisation estimates that they pay £1,100 to manage issues surrounding their licence. Although we recognise that the exact costs may vary, this has not been used as the high estimate as we know from other consultation responses that our previous estimate of £630 per annum is considered to be accurate by a number of respondents. For this reason, it would be incorrect to assume a high estimate where the cost was £1,100 for each organisation wishing to attain a licence. Therefore we have applied a 10% sensitivity analysis to this to give a high and low estimate of £83,680 and £69,157 respectively.

It is unclear, however, to what extent these savings will materialise in practice, given the reporting and monitoring requirements inherent to the exception, which also necessitate contact with collecting societies.

Cost savings to collecting societies

Collecting societies who currently issue disability licences would stand to save some administrative costs as a result of this change. CLA does not currently charge a fee, while MPA charges £5 which presumably reflects the low demand for such services and the relatively low cost of managing this additional licence for the society. We would expect that MPA's administration fee is commensurate with the administrative effort, and a £5.70 fee would be the approximate cost of half an hour's work by administrative and secretarial staff ($\{£9.84 \text{ per hour} \times 1.16 \text{ overhead uplift}\} / 2$), using the ASHE 2011 median hourly earnings of administrative and secretarial occupations. Therefore, there would be no net impact on MPA, but CLA would receive a small administrative saving of £724 per [£5.70 x 127 licences].

¹ This is a commonly accepted uplift to account for non-wage overhead costs
http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/labour_costs/main_tables

We have applied a 10% sensitivity analysis to this to give a high and a low estimate of £796 and £658 respectively.

We note that the presence of CLA and other licences suggests that collecting societies and their members consider these costs to be justified, suggesting either that the issuing of licences delivers non-financial benefits to them (eg. more detailed monitoring requirements than those built in to the exception) or that they issue such licenses primarily out of a desire to benefit more people with disabilities than those covered by the exception (the CLA licence already covers dyslexia for example) and are prepared to absorb small costs in order to achieve this. The extent to which such organisations will consider removal of the admin costs arising from licensing to be an overall benefit will depend therefore on the extent to which these different factors motivate their provision of licenses in this area.

Benefits arising from reduced complexity

As well as the administrative costs associated with using collective licensing schemes, the presence of different licensing schemes creates complexity around the use of disability exceptions. For example, the exception applies to people with a visual impairment, whereas the CLA licence applies to people with a print disability (these are overlapping, but different, definitions), while the MPA licence only permits the making of copies in certain formats. Licence terms also prevent the sharing of accessible copies with charities making accessible books in other countries, limiting economies of scale arising from this.

Moreover, collective licences do not cover all works. For example, although the CLA licence covers the majority of published literary works it does not cover printed music, maps and charts, newspapers, workbooks, work cards and assignment sheets, or any other literary work expressly excluded from the scheme. So a charity wishing to produce talking newspapers and accessible books will have to consider different terms and conditions in relation to each, as they may be covered by different licence schemes, or none.

Removing the ability to license these uses would therefore simplify the process of making accessible copies, providing benefits to organisations making accessible works. We are unable to assess the scale of these benefits. The consultation provided no significant data to access the cost imposed via multiple terms and conditions.

It should be noted that, although the above analysis continues to support the implementation of this option, the overall benefits appear to be relatively small given the presence within the exception of requirements to keep records and supply those to copyright owners. We do not rule out the possibility of delivering similar benefits through simplification of the provisions relating to record keeping and licences, without removing the ability to licence the exception as such.

Option 3: Implement Options 1 and 2

Based on the above analysis, implementing all of the above options would appear to provide the most benefits to both people with disabilities and the UK economy. Implementing all of these options together would multiply the benefits and also allow us to further simplify the disability exceptions by folding the two types of exception into one, as there would no longer be a substantial difference in their operation. The benefits of implementing Option 3 is therefore considered to be greater than the sum of the benefits of Options 1 and 2.

The costs of this Option to copyright owners are expected to be zero, though the risk of minimal costs due to a removal of the ability to license-over the exception under Option 2 cannot be ruled out.

As a result of Option 3, more people whose disabilities prevent them from accessing copyright works in their original form would be able to access a broader range of copyright work. Cost and time savings would be realised for approved bodies due to the removal of requirements to enter into licensing schemes. Greater clarity in and simplification of the law could lead to an increase in providers of copyright works in accessible formats, and an increase demand for copyright works more generally. The accessibility technology market and industries producing accessible copyright works could benefit as a result of increased demand for accessible works. Increased demand is also likely to act as an incentive for copyright owners to provide their own accessible copies.

In view of the overall costs and benefits, Option 3 is our chosen.

Risks and assumptions

In drafting this impact assessment we have made the following assumptions:

- Bodies approved to make and distribute copies for disabled people currently do so on a not-for-profit basis.
- Collecting Societies operating licensing schemes and currently charging zero or minimal fees would continue to do so in future.
- Individuals making single copies already lawfully possess or have lawful use of the copyright work being copied.
- A simplified scheme will lead to greater use of the existing provisions within the law.

Wider impacts

Option 2 (and therefore Option 3) may have implications for competition, as removing the option for charging licence fees for this activity could create stronger incentives for copyright owners to create their own accessible versions of works. However, given that licence fees currently do not appear to be levied, this impact is likely to be small. We would expect there to be a positive impact on equality for disabled people, but do not expect specific impacts on race and gender equality.

Direct Costs and Benefits to Business Calculations (following OIOO methodology)

Under the "One In, One Out" rule, whereby a measure that has a net cost to business must have a measure or measures of equivalent cost removed in order to be implemented. We have calculated a net benefit to business of £0.07m per year for our preferred option; therefore, this qualifies as an OUT.

Evaluation

A full evaluation strategy and Post Implementation Review is being developed for the introduction of the Hargreaves recommendations. The Post Implementation Review will detail the benefits associated with the introduction of the copyright reforms and will include input from external stakeholders. The plan will also set out how and when the benefits will be measured. This will depend on the type of benefit, as some benefits will be measured by applications and take-up that can be measured from the first year of operation, whereas others will depend on information that will take several years. The evaluation strategy will set out the activities that will be undertaken in order to evaluate the policy, drawing on management information collected through the copyright system, as well as research commissioned in order to measure the benefits.

The main source of data available for evaluation will be collated using industry figures. These statistics, alongside other management information on the operation of the system will be used by Government to assess the impact of the copyright reforms, including assessing whether benefits have been achieved and how policy or operations can be developed to realise benefits more effectively.

*Note

This Impact Assessment (IA), which is one of a series of IAs concerning copyright exceptions, was originally published in December 2012 alongside the policy statement "Modernising Copyright". It was republished to accompany the publication of the secondary legislation that implements the chosen options set out in the IAs. Since the original publication of the IAs the Government has engaged extensively with stakeholders both formally (through a technical review of the draft legislation) and informally. No new evidence has been provided that has led the Government to alter the overall numerical assessment of the costs and benefits contained within this IA.