

**Response from [REDACTED] to Panel's memo (6 June) on Impact Assessments**

21 July 2005

[REDACTED]

We've now published the final version of the Impact Assessment guidelines – the final version is attached – and I realise that I haven't explained how we addressed the comments made by the Consumer Panel.

The Panel raised the issue of evaluation, stressing the importance of evaluating both the impact of individual decision and whether the Impact Assessment process is working. In the final version of the guidelines we have emphasised the need for effective evaluation and the need to frame intended outcomes in a way that makes them measurable (paras 6.2 and 6.3). The guidelines also mention the fact that we are developing our approach to evaluation, including evaluation of the impact of individual decisions. Sarah is leading on this. As far as the Impact Assessment process is concerned, we are intending to evaluate its effectiveness in the fourth quarter of this financial year.

The Panel also suggested that it would be helpful for us to disclose the information gathered from stakeholders during the process of carrying out an Impact Assessment and asked why we wouldn't normally publish our initial view of all the options. Our response to this is that the formal consultation document will refer to the information gathered and explain how it has informed the identification and assessment of the different options. With regard to the publication of the initial options, it would not be proportionate to publish our initial view of all possible options in every case, although in some cases we do publish an initial statement e.g. the terms of reference for major reviews. We have also stressed the need to engage with stakeholders early and to test out options with them (para 3.8).

Finally, the Panel asked how we would analyse the 'no new intervention' option, suggesting that we should look at whether the existing framework is working for the benefit of consumers. We will analyse the potential impacts of the 'no new intervention' option and the costs and benefits that would flow from it, but the focus of the analysis will be on examining what would happen in the future if the regulatory framework remained unchanged. However, what has happened in the past is obviously important and will inform our decision-making.

I hope this is helpful and please let me know if you would like to discuss.

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