



# Localism Bill: payment of European Union infraction fines by local and public authorities

## Impact assessment



Localism Bill: payment of European Union  
infraction fines by local and public authorities  
**Impact assessment**

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|   |  |
|---|--|
| <b>Title:</b><br>Localism Bill: payment of European Union infraction fines by local and public authorities<br><br><b>Lead department or agency:</b><br>Department for Communities and Local Government<br><br><b>Other departments or agencies:</b> | <b>Impact Assessment (IA)</b>  |
|   | <b>IA No:</b> DCLG 0062  |
|   | <b>Date:</b> January 2011  |
|   | <b>Stage:</b> Final  |
|   | <b>Source of intervention:</b> Domestic  |
|   | <b>Type of measure:</b> Primary legislation  |
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## Summary: Intervention and Options

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

The EU Commission may commence infractions proceedings against a Member State for any breach of EU law. The UK has not so far had a financial sanction imposed by the European Court of Justice. Following significant amendments to the infraction process made by the Lisbon Treaty, financial sanctions could be imposed on the UK in shorter timescales. Within the UK there are cases where there is a need to ensure compliance with EU law in order to minimise the risk of infraction proceedings and, subsequent fines imposed by the European Court of Justice.

### What are the policy objectives and the intended effects?

The Government is giving local authorities more powers and freedoms to conduct their business and deliver services to the public. This includes a major reduction in the “oversight” role of central government. Local authorities must, therefore, accept responsibility for the consequences of their actions or inaction. The aim of the power would be to provide a strong incentive for local and public authorities to comply with European law, with the expectation that the risk of fines for the UK (and therefore the risk to local and public authorities) will be significantly reduced.

### What policy options have been considered? Please justify preferred option (further details in Evidence Base)

Option 1 – ‘do nothing’ where a government department would take responsibility for and pay any financial sanction imposed on the UK by the European Court of Justice as result of a breach of EU legislation for which that Department has policy responsibility.

Option 2 – where payment will be recovered from local and public authorities for all, or part of, a European Union infraction fine for non compliance with EU law’.

Option 2 is the preferred option. This option reinforces the responsibility of local and public authorities to comply with their European obligations.

|  |                                |
|--|--------------------------------|
| <b>When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?</b>  | It will be reviewed<br>In 2014 |
| <b>Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?</b> | Yes                            |

**Ministerial Sign-off** For final proposal stage Impact Assessments:

*I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.*

Signed by the responsible Minister: Greg Clark..... Date: January 2011 .....

# Summary: Analysis and Evidence

# Policy Option 2

## Description:

Payment of European Union infraction fines by local and public authorities

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

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

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

The economic costs will be mainly on local and public authorities as a result of having to pay for any fine imposed on the UK by the European Court of Justice where those fines are directly attributable to their direct action or inaction. Fines would consist of a minimum lump sum of about £10m and possible substantial daily fines of thousands of pounds for continuing non-compliance. This is on the assumption that departments utilise this power to pass on/ recover the cost of some or all of the fines imposed. Only those authorities that have not adhered to the relevant EU legislation will face potential fines. These would be a transfer from central to local government and therefore not a net economic cost. There would be no net cost to business.

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

Where there is a pressing need to ensure compliance with EU law, local and public authorities might be required to reprioritise to allocate resources towards fulfilling their EU obligations. This should not bring additional costs, but accelerated delivery in order to meet any timing requirements of EU law. Any reprioritisation of resources would be potentially small in comparison to any European Court of Justice fines local or public authorities would have to bear for non-compliance.

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

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

The economic benefits will arise from the effective implementation and compliance with EU law as a result of the deterrent effect of the proposed power, minimising therefore the risk of infractions and consequential fines.

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

### Key assumptions/sensitivities/risks

Discount rate (%)

The potential high cost of any European Court of Justice fines would be likely to impose a direct financial cost on local authorities with implications for their budget setting in the year in which the financial sanction is levied. These could also risk their financial standing and that of other public authorities, some of them with fairly limited budgets. To manage this risk, it is intended that the power will allow a Minister of the Crown to exercise discretion when apportioning fines. For example, a Minister might decide to recover only a portion of the sanction allocated to his/her department. The amount of any fine to be passed on to a local or public authority would be subject to a decision by Government.

|                                   |                                     |          |
|-----------------------------------|-------------------------------------|----------|
| Impact on admin burden (AB) (£m): | Impact on policy cost savings (£m): | In scope |
|-----------------------------------|-------------------------------------|----------|

|         |             |      |                      |    |
|---------|-------------|------|----------------------|----|
| New AB: | AB savings: | Net: | Policy cost savings: | No |
|---------|-------------|------|----------------------|----|

## Enforcement, Implementation and Wider Impacts

|  |                        |                |                    |               |              |
|--|------------------------|----------------|--------------------|---------------|--------------|
| What is the geographic coverage of the policy/option?  | England                |                |                    |               |              |
| From what date will the policy be implemented?   |                        |                |                    |               |              |
| Which organisation(s) will enforce the policy?   | Government departments |                |                    |               |              |
| What is the annual change in enforcement cost (£m)?  |                        |                |                    |               |              |
| Does enforcement comply with Hampton principles?   | Yes                    |                |                    |               |              |
| Does implementation go beyond minimum EU requirements?   | No                     |                |                    |               |              |
| What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent) | <b>Traded:</b>         |                | <b>Non-traded:</b> |               |              |
| Does the proposal have an impact on competition?   | No                     |                |                    |               |              |
| What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?         | <b>Costs:</b>          |                | <b>Benefits:</b>   |               |              |
| Annual cost (£m) per organisation (excl. Transition) (Constant Price)  | <b>Micro</b>           | <b>&lt; 20</b> | <b>Small</b>       | <b>Medium</b> | <b>Large</b> |
| Are any of these organisations exempt?   | Yes                    | Yes            | Yes                | Yes           | Yes          |

## Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

| Does your policy option/proposal have an impact on...?  | Impact | Page ref within IA |
|---|--------|--------------------|
| <b>Statutory equality duties</b> <sup>1</sup><br><a href="#">Statutory Equality Duties Impact Test guidance</a> | No     | 9                  |
| <b>Economic impacts</b>   |        |                    |
| Competition <a href="#">Competition Assessment Impact Test guidance</a>   | No     | 9                  |
| Small firms <a href="#">Small Firms Impact Test guidance</a>  | No     | 9                  |
| <b>Environmental impacts</b>  |        |                    |
| Greenhouse gas assessment   | No     | 9                  |
| Wider environmental issues  | No     | 9                  |
| <b>Social impacts</b>   |        |                    |
| Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>                                | No     | 9                  |
| Human rights <a href="#">Human Rights Impact Test guidance</a>  | No     | 9                  |
| Justice system <a href="#">Justice Impact Test guidance</a>   | No     | 9                  |
| Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>  | No     | 9                  |

<sup>1</sup> Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

|   |    |   |
|---|----|---|
| <b>Sustainable development</b><br><u>Sustainable Development Impact Test guidance</u> | No | 9 |
|---|----|---|

## Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

### References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

| <b>No.</b> | <b>Legislation or publication</b>   |
|------------|---|
| 1          | Treaty of the Functioning of the European Union – Articles 258 and 260  |
| 2          | European Commission Communication reference SEC (2005)1658 as amended by SEC (2010) 923 – Application of Article 228 of the EC Treaty |
| 3          | Waste and Emissions Trading Act 2003 (c.33)   |
| 4          |   |

+ Add another row

### Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

### Annual profile of monetised costs and benefits\* - (£m) constant prices

|                                  | Y <sub>0</sub> | Y <sub>1</sub> | Y <sub>2</sub> | Y <sub>3</sub> | Y <sub>4</sub> | Y <sub>5</sub> | Y <sub>6</sub> | Y <sub>7</sub> | Y <sub>8</sub> | Y <sub>9</sub> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Transition costs</b>          |                |                |                |                |                |                |                |                |                |                |
| <b>Annual recurring cost</b>     |                |                |                |                |                |                |                |                |                |                |
| <b>Total annual costs</b>        |                |                |                |                |                |                |                |                |                |                |
| <b>Transition benefits</b>       |                |                |                |                |                |                |                |                |                |                |
| <b>Annual recurring benefits</b> |                |                |                |                |                |                |                |                |                |                |
| <b>Total annual benefits</b>     |                |                |                |                |                |                |                |                |                |                |

\* For non-monetised benefits please see summary pages and main evidence base section

# Evidence Base (for summary sheets)

## Payment of European Union infraction fines by local and public authorities

### Evidence base

#### Background

The European Commission may commence infraction proceedings against a Member State for any breach of EU law. Even though the alleged infringement has been committed by a local or public authority, the proceedings are brought before the European Court of Justice by the Commission against the UK as the Member State and are defended by the UK Government on behalf of the Member State. This remains the case even when it is clear that the alleged breach of EU law is attributable to the actions of a local or public authority over which the UK does not have direct control.

Initially the process requires formal exchanges of correspondence between the UK and the Commission which may result in a reasoned opinion requiring compliance. When faced with an infraction, the lead department involved will decide how to respond. This will involve liaising with the relevant authorities to ensure they take the necessary steps to comply with their European responsibilities. If the Member State comes into compliance before the final deadline prior to application to the European Court of Justice, the Commission cannot proceed with the case. Thereafter, the Commission may commence proceedings in which there is usually a two stage process: (1) through Article 258 of the Treaty of the Functioning of the European Union <sup>2</sup>, establishing a breach of EU law, and (2) through Article 260 of the Treaty of the Functioning of the European Union, establishing enforcement proceedings and the imposition of fines. The infractions process can take at least a couple of years before reaching the fines stage.

In applying to the European Court of Justice, the European Commission will recommend a financial sanction in the form of either a penalty payment or a lump sum in accordance with guidance set out in its Communication reference SEC (2005)1658 as amended by SEC (2010) 923<sup>3</sup>. The likely level of fines is significant with a minimum lump sum of €9.666m, based upon the UK's GDP, which could be increased according to the seriousness of the breach, and a possible substantial daily fine of thousands of pounds for continuing non-compliance.

So far, the UK has never had a financial sanction imposed by the European Court of Justice, although some Member States have incurred financial sanctions on more than one occasion and the UK has come close on more than one occasion. Following significant amendments to the infraction process made by the Lisbon Treaty, financial sanctions could be imposed on the UK in shorter timescales.

Within the UK there are thought to be a number of cases where there is a pressing need to ensure compliance with EU law in order to minimise the risk of infraction proceedings and subsequent fines imposed by the European Court of Justice.

#### Rationale for intervention

In the event of the European Court of Justice imposing a financial sanction on the UK, there are no powers for central government to recover it from a local or public authority whose actions have caused or contributed to the adverse judgement by the European Court of Justice. A similar legislative measure to the one associated with this Impact Assessment, though in slightly different circumstances and specific to a particular European Directive, was used under the

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<sup>2</sup> Treaty of the Functioning of the EU.

<sup>3</sup> This guidance remains current although an amending Communication is proposed to update and amend slightly the financial sanction figures.



Waste and Emissions Trading Act 2003 to enable any fines associated with the landfilling of biodegradable municipal wastes to be paid by local authorities. Ministers have never had to fine any local authorities under this legislation.

The Government is giving local authorities more powers and freedoms to conduct their business and deliver services to the public. This includes a major reduction in the “oversight” role of central government. Local authorities must, therefore, accept responsibility for the consequences of their actions or inaction.

## **Policy options**

Two options are assessed in this impact assessment:

- Option 1 ‘Do nothing’ – where a government department would take responsibility for and pay any financial sanction imposed on the UK by the European Court of Justice as a result of a breach of EU legislation for which that Department has policy responsibility.
- Option 2 ‘the proposed course of action’ – where payment will be recovered from local and public authorities for all, or part of, a European Union infraction fines for non compliance with EU law’.

Option 2 is the preferred option. This option reinforces the responsibility of local and public authorities to comply with their European obligations. The aim of the power would be to provide a strong incentive for local and public authorities to comply with European law, with the expectation that the risk of fines for the UK (and therefore the risk to authorities) will be significantly reduced.

## **Costs and benefits of each option**

### **Option 1: Do nothing**

The ‘Do nothing’ option will maintain the current system, where a government department absorbs any financial sanction imposed on the UK from non compliance with EU law, even in circumstances where those fines are directly attributable to acts or omissions of local or public authorities.

There is currently no power for passing fines imposed by the European Court of Justice on to local or public authorities. Nor is there a general power to direct a local or public authority in a particular way. Their lack of accountability under the current system may deter some local and public authorities from taking the necessary actions to secure compliance with EU law.

### **Costs**

The **economic costs** of the ‘Do nothing’ option will be centred on the risk of infraction and imposition from the European Court of Justice of financial sanctions on the UK. Payment of any fines levied on the UK will have to be absorbed in their entirety by the UK Government.

It is difficult to predict with any degree of certainty the amount of fine that may be imposed by the European Court of Justice in any individual case, but the likely level might be significant with a minimum lump sum of about €9.666m <sup>4</sup>(based upon the UK's GDP) and a possible substantial daily fine of thousands of pounds for continuing non-compliance. To give a very rough indication of historic fines, in a Spanish bathing water case, the levy was €624,000 per year for each 1 per cent of bathing waters in breach of the relevant Directive. In a French fishing case the levy was a €20m lump sum fine and €58m every six months until the issue is resolved. In a Greece state aid case the levy was €16,000 for each day of delay in complying with the judgement and a lump sum of €2m.

In these days of financial restraint and restricted budgets it will be more difficult for a government department to absorb any level of financial sanction in the order of €9,666m plus.

It is also the case that the action of defaulting local and public authorities may be outside the control of the Government department responsible for the legislation. For instance, while it is understood that the issue has now been resolved, the Department for Communities and Local Government and the Office of Government Commerce had to handle in the last year an infraction under EU public procurement legislation relating to a major town centre redevelopment where the local authority was not fully cooperating. While the local authority's compliance with EU law may have resulted in the loss of a substantial financial gain by the local authority from the development contract, their actions were without risk of paying a European Court of Justice fine which would probably have had to be borne by central government. Similar issues arise where local or public authorities are reluctant to cooperate with central government in providing information or taking action that would close down an infraction in the administrative phase, as they tend to see the issue as a problem for central government.

There could be associated **environmental and social costs**, resulting from forgone benefits expected from the timely and efficient implementation of relevant environmental and social EU law.

### *Benefits*

There will not be **economic benefits** to the UK Government from the 'Do nothing' option as it will still have to bear the costs of any sanction fines levied by the European Court of Justice.

The **economic benefits** to local and public authorities will result from their lack of accountability under the current system without being at risk of paying a European Court of Justice's fine. But the potential savings to local and public authorities should be set against the increasing risk of infractions proceedings and the consequential fines that might be imposed on the UK as result of defaulting local or public authorities' actions or inactions.

No **environmental and social benefits** have been identified for this option.

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<sup>4</sup> In accordance with guidance set out in its Communication SEC (2005)1658 as amended by SEC (2010) 923, the Commission will recommend to the European Court of Justice (ECJ) a lump sum payment as a penalty for failing to comply with the first ECJ judgment up to the date of the second ECJ judgment and a penalty payment as a daily fine continuing from the date of the second judgment until compliance. The lump sum payment will be the minimum level set for the UK at €9,666,000. In the event that the Commission formula for calculating the lump sum payment exceeds the minimum, the higher amount will be recommended. The formula is the multiple of:

Basic flat rate lump sum payment (€210 per day) x coefficient for seriousness (on a scale 1 to 20) x 'n' factor (18.31 for the UK, based on capacity of the Member State to pay and the number of votes it has in the Council) x number of days of infringement. For penalty payment, the formula for the daily fine from the date of the second ECJ judgment is the multiple of: Basic flat rate penalty payment (€640 per day) x coefficient for seriousness (on a scale 1 to 20) x coefficient for duration (1 to 3 calculated at a rate of 0.1 per month from the date of the first judgment to the second, reaching the maximum after 2 ½ years) x 'n' factor (18.31 for the UK). This means the daily rate could vary between €11,178 and €703,104.

## Option 2: the proposed course of action

This option will involve the introduction in the Localism Bill of a discretionary power for a Government Department to require a local or public authority to pay some or all of a European Court of Justice financial penalty where the local or public authority is directly responsible for non-compliance with EU law. The proposed power will be exercised by the relevant Minister of the Crown with policy responsibility for the functions that are subject to the European Court of Justice's judgement.

The power will apply to local and public authorities.

The power will be exercised only for specific cases where the European Court of Justice has imposed a financial sanction on the UK. A Minister's decision that a local or public authority should pay all or part of a European Court of Justice's fine will be effected by written notification to the relevant authorities. This would set out the reasoning as to why an authority should pay and the amount required. This would be after having giving the local or public authority the opportunity to make representations.

The power will also allow a Minister to exercise discretion when apportioning the fines in order to avoid allocating an excessive level of payment on a single local or public authority which could compromise its functioning and ability to fulfil other statutory obligations. The amount of any fine to be passed on to a local or public authority would be subject to a decision by the Government.

Local or public authorities' liability to pay would be directly linked to the continuing imposition of the fine on the UK. Until confirmation had been received from the European Commission that they are satisfied with compliance, the local or public authority would continue to pay the fine.

### *Costs*

The **economic costs** of the proposed course of action will be mainly on local and public authorities as a result of having to pay for any fine imposed on the UK by the European Court of Justice where that fine is directly attributable to their direct action or inaction. This is on the assumption that Government departments utilise this power to pass on and recover the cost of fines imposed. Costs will only be incurred by those local and public authorities that have not worked in accordance with EU legislation. Those authorities that have adhered to such legislation will face no additional costs.

As explained in paragraph 13 above, it is impossible to determine with any degree of certainty the nature of the fine, the possible offending authority or the amount of a fine that may be imposed by the European Court of Justice in any individual case. It would be at the discretion of a Government department to apportion part or all of a European Court of Justice financial fine between two or more local authorities, or two or more public authorities (or indeed a combination of local and public authorities).

The proposed power would better align incentives, providing a strong incentive for local and public authorities to comply with European legislation, encouraging therefore a behavioural change in the way some deliver on their European obligations. The expectation is that the risk of fines being allocated to the UK (and therefore the risk to local and public authorities) will be significantly reduced.

The requirements for local and public authorities from European legislation should not come as a surprise. When the UK is negotiating European legislation consultation with authorities with an interest in the policy area is part of the process. There is a second consultation process when new EU legislation gets transposed into domestic law. An impact assessment is completed. Any resulting new burdens to local authorities will be funded in accordance with the Government's new burdens doctrine to ensure that authorities have the resources to comply with new EU

obligations. If the European Court of Justice were to impose a fine on the UK fines would only be allocated where there was a direct link between an action or omission by an authority and an infraction, and only in proportion to the culpability.

The potential high cost of any European Court of Justice's fines would be likely to impose a direct financial cost on local authorities with implications for their budget setting in the year in which the financial sanction is levied. Fines could also risk their financial standing and that of public authorities, some of them with fairly limited budgets. To manage this risk, it is intended that the power will allow a Minister to exercise discretion when apportioning fines. For example, a Minister might decide to recover only a portion of the sanction allocated to his/her department, to ensure that the sum did not impose an excessively heavy burden on local or public authorities' functions and abilities to deliver on their other statutory obligations.

In those instances where there is a pressing need to ensure compliance with EU law, local and public authorities might be required to reprioritise to allocate resources in order to fulfil their EU obligations. Any reprioritisation of resources should not bring additional costs (as any additional burdens resulting from the implementation of European law should have been already identified and funded following transposition of the relevant European legislation), merely accelerated delivery in order to meet any timing requirements of specific EU Directives. Any reprioritisation of resources would be potentially small in comparison to the infractions fines local or public authorities would have to bear if the European Court of Justice were to impose a fine on the UK.

The question of cost to business might arise in connection with the definition of public authorities. There are some private companies which exercise public functions. The implications for such companies will be kept under review.

No **environmental and social costs** have been identified for this option.

### *Benefits*

The **economic benefits** of the proposed course of action will arise from the effective implementation and compliance with EU law as a result of the deterrent effect of the proposed power, minimising therefore the risk of infractions and consequential fines. As discussed in paragraph 13, the initial lump sum could potentially be £10m, with a continuing fine on a daily basis for continuing non-compliance.

There could be associated **environmental and social benefits** resulting from the timely and efficient implementation of relevant environmental and social EU law.

### **Specific impact tests**

We have considered the potential impact of this policy on the following areas, in line with relevant guidance. No specific impacts have been identified given the generic nature of the proposed measure. However, as indicated in paragraph 31 and 32 above, there could be associated economic, environmental and social benefits of relevance to the specific areas outlined below resulting from the timely and efficient implementation of European law. Our screening concluded as follows:

- statutory equality duties – there would be no specific impact
- competition – there would be no specific impact
- small firms – there would be no specific impact
- greenhouse gas assessment – there would be no specific impact
- wider environmental issues – there would be no specific impact
- health and well-being – there would be no specific impact
- human rights – there would be no specific impact
- justice system – there would be no specific impact

- rural proofing – there would be no specific impact
- sustainable development – there would be no specific impact

## Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

### Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

**Basis of the review:** [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];

The Government will continue to monitor the level of infractions proceedings brought by the European Court of Justice against the UK involving local and public authorities, with Government departments drawing up infraction strategies setting out processes for addressing and minimising the risk of a financial sanction when an infraction is begun.

**Review objective:** [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]

The objective is to evaluate the impact of the power in ensuring timely and efficient implementation of European law by local and public authorities.

**Review approach and rationale:** [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]

There will be a review of the information collected by Government departments regarding the transposition, implementation and infractions of European Law, in order to evaluate the effectiveness of the power in minimising the risk of infractions.

Over the coming months, further details of any proposed research and analysis will be considered by a Localism Bill review steering group, to ensure that the methods are appropriate, proportionate, and cross-cutting where possible, so that we collect only essential information/data at both the baseline and follow-up review stages.

**Baseline:** [The current (baseline) position against which the change introduced by the legislation can be measured]

The UK has never had a financial sanction imposed by the European Court of Justice, but the baseline figure for the UK will be that set out in the European Commission Communication reference SEC (2005)1658 as amended by SEC (2010) 923, i.e: a minimum lump sum of about €9,66m (based upon the UK's GDP) and a possible substantial daily fine of thousands of pounds for continuing non-compliance.

**Success criteria:** [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]

Success will be measured by (1) reduction of EU infractions proceedings against the UK and (2) sustaining the baseline position, i.e 'no financial sanction imposed by the European Court of Justice on the UK'.

**Monitoring information arrangements:** [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]

**Reasons for not planning a PIR:** [If there is no plan to do a PIR please provide reasons here]