



## Localism Bill: summary impact assessment



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January 2011  
Department for Communities and Local Government

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|   | <b>IA No:</b> DCLG 0069                     |
|   | <b>Date:</b> January 2011                   |
|   | <b>Stage:</b> Final                         |
|   | <b>Source of intervention:</b> Domestic     |
|   | <b>Type of measure:</b> Primary legislation |
| <b>Contact for enquiries:</b>   |   |

## Summary: Intervention and Options

**What is the problem under consideration? Why is government intervention necessary?**  
The Government wants to stop and reverse the long-established trend towards ever greater central control of the public sphere. Localism and decentralisation are the biggest things that Government can do to build the Big Society.

**What are the policy objectives and the intended effects?**  
Everyone should have the opportunity to exercise choices and influence by having a voice in deciding the future of the place where they live. Those who wish to should be able to play an active part in designing, and, in many cases, delivering the services our communities rely on – from schools, to policing, to social care. This is the essence of the Big Society. Decentralisation is crucial because the Government believes in the benefits of a diversity of approach to problems.

**What policy options have been considered? Please justify preferred option (further details in Evidence Base)**  
To achieve this will require a transformation in the role and culture of government. The Localism Bill contains the first wave of legislative measures we need to localise and decentralise power to local government and across housing and planning policies.

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| <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 |
| <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 .....

## 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<sup>1</sup></b><br><a href="#">Statutory Equality Duties Impact Test guidance</a> |        | 21                 |
| <b>Economic impacts</b>  |        |                    |
| Competition <a href="#">Competition Assessment Impact Test guidance</a>  |        | 21                 |
| Small firms <a href="#">Small Firms Impact Test guidance</a>   |        |                    |
| <b>Environmental impacts</b>   |        |                    |
| Greenhouse gas assessment  |        | 21                 |
| Wider environmental issues   |        | 21                 |
| <b>Social impacts</b>  |        | 22                 |
| Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>                               |        | 22                 |
| Human rights <a href="#">Human Rights Impact Test guidance</a>   |        | 22                 |
| Justice system <a href="#">Justice Impact Test guidance</a>  |        | 22                 |
| Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>   |        | 22                 |
| <b>Sustainable development</b><br><a href="#">Sustainable Development Impact Test guidance</a>                 |        | 22                 |

<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.

## The Localism Bill: summary impact assessment

Localism and decentralisation are the biggest things that Government can do to build the Big Society. The Localism Bill signifies our commitment to decentralise and brings forward many of the measures that will be required to drive a fundamental transfer of power.

Our ambition is to stop and reverse the long-established trend towards ever greater central control of the public sphere. Instead, everyone should have the opportunity to exercise choices and influence by having a voice in deciding the future of the place where they live. Those who wish to should be able to play an active part in designing, and, in many cases, delivering the services our communities rely on – from schools, to policing, to social care. This is the essence of the Big Society.

Decentralisation is crucial because the government believes in the benefits of a diversity of approach to problems. Innovations and solutions should come locally and be responsive to the wishes of communities. Where success is delivered locally then it can be repeated. Where failure happens locally then impacts can be minimised rather than institutionalised, and the lessons learned can be applied elsewhere.

To achieve this will require a transformation in the role and culture of government. As previous attempts to localise power in this country have demonstrated – a one-off burst of reform from a single Whitehall department won't achieve the change we want to see.

There are six new actions that are necessary to drive decentralisation across Whitehall and down through every layer of government and to communities and individuals, and these are encapsulated in this Bill. Only by taking these actions will the fingers of central control be prised off the levers of power.

The first two actions are the most fundamental, because decentralisation can't get started without them. They are to:

- **Lift the burden of bureaucracy** – removing unnecessary requirements and regulations imposed by central government on providers and users of public services; and,
- **Empower communities to do things their way** – giving communities and public sector workers more power to own assets and run services.

The next two actions provide the resources and the freedom of choice needed to sustain progress on decentralisation. They are to:

- **Increase local control of public finance** – decentralising funding and payment so that more of the decisions over how public money is spent and raised can be taken within communities; and,
- **Diversify the supply of public services** – maximising independent provision of public services, extending payment by results and maximising access to external finance.

The final two actions complete the picture by enabling local people to take complete control of the process of decentralisation as it affects them in their communities. They are to:

- **Open up government to public scrutiny** – implementing public service transparency framework releasing government information into the public domain, so that people can know how their money is spent, how it is used and to what effect; and,
- **Strengthen accountability to local people** – shifting democratic accountability to the local level, giving every citizen the power to change the services provided to them through participation, choice or the ballot box.

The Government is implementing a range of policies across the full breadth of public services that apply these actions and give people and communities' freedom and choice to do things differently. Many of these changes were announced in the Spending Review, but some changes require legislative change.

This Bill is therefore a landmark piece of legislation and contains the first wave of legislative measures we need to localise and decentralise power to local government and across housing and planning policies.

Annex A summarises the impacts of individual policies in the Localism Bill.

Annex B summarises the Bill's regulatory Ins and Outs.

Annex C covers specific impact tests.

Annex D covers the Post Implementation Review plan.

## Annex A – Summary of impacts of individual policies

| Policy   | Annual costs (best estimate, £m) | Costs (10 year Present Value) | Description   | Annual Benefits (best estimate) | Benefits (10 year Present Value) | Description  |
|--|----------------------------------|-------------------------------|---|---------------------------------|----------------------------------|--|
| <b>The abolition of the Standards Board Regime, clarification of the law on predetermination and the requirement to register and declare interests</b> |                                  | 19.6                          | Key monetised costs are those associated with winding up of the Standards Board for England (£20.3m approx) and First Tier Tribunal (Local Government Standards in England) (£366,210 approx). These costs will be incurred by the Department for Communities and Local Government (DCLG) and Ministry of Justice (MoJ) as sponsors of the Standards Board for England and First Tier Tribunal respectively. There will be an impact on the Criminal Justice System as a result of the new criminal offence for councillors who abuse their position for personal or financial gain. This impact is expected to be marginal.  | 12.8                            | 105.5                            | Key monetised benefits are savings associated with the present cost of running the Standard Board for England (£6m per annum approx) and First Tier Tribunal (£316,210 per annum approx). These savings will be made by DCLG and MoJ as sponsors of the Standards Board for England and First Tier Tribunal respectively. In the year of the Standard Board for England's abolition (2011-12), savings equal to an estimated £1.5 million are expected to be made through reduced activity of the Standard Board for England and its closure from August 2011 onwards. Other benefits include savings to local authorities through the abolition of the local standards framework (up to £13m per annum with £6.5m per annum as best estimate). Key non-monetised benefit is that authorities will be able to decide how best to promote standards of conduct of their members. Authorities may also make minor savings through the present cost of submitting monitoring returns to the Standard Board for England and the present cost of investigating alleged breaches of the requirement in the code of conduct related to the registration and declaration of interests and abuses of councillors' positions for personal or financial gain. |
| <b>Giving councils greater freedoms over their governance arrangements</b>   |                                  | 0.4                           | The expectation is that the proposals should not involve any significant costs and that councils will seek to ensure that they adopt governance arrangements which are value for money. Any consultation costs would be minimal. The cost to local authorities of holding a referendum on changing governance models is estimated at £70,000–250,000 and it is estimated that up to three councils will hold a referendum. The Government does not envisage that those councils choosing to operate the committee system will be subject to any additional operational or administrative costs to those operating one of the executive models (save for transitional costs). During the transition period to new governance models there may be a temporary lack of public understanding about how councils reach decisions and who is accountable for them. However, as is the case currently, it will be for each council to ensure that local residents are aware of how the council operates, including making available information about the council's decision making structures and constitution. |                                 |                                  | We do not envisage that councils will enjoy any substantial monetised benefits from moving to the committee system. Any costs incurred by councils are very much dependent upon how councils decide to organise themselves under the committee system. The Government believes it is reasonable to assume that councils will take a value for money approach. The main non-monetised benefit of the policy is to provide councils with greater choice and flexibility over how they organise themselves in order to ensure that they are best placed to meet the needs of local people.  |



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| <p><b>Creating executive mayors in the 12 largest English cities</b></p> | <p>1.03</p> | <p>11.5</p> | <p>The main groups affected by the policy are local authorities and local citizens. The main costs of the policy will be incurred by local authorities. These comprise:</p> <ul style="list-style-type: none"> <li>• Organising and conducting referendums on the adoption of mayor-led authorities; and</li> <li>• Organising and conducting any consequential mayoral elections.</li> </ul> <p>Referendums are essentially transitional costs and are based on the assumptions and methodology set out in this Impact Assessment, the best estimate of one-off costs to the specified 12 local authorities of organising and conducting mayoral referendums would be £2.6m.</p> <p>It is not possible to predict the number of mayoral elections that would result from the referendums. Instead a range of outcomes are considered with the 'low' range value assuming 4 elections are held; the 'high' value assuming 12 elections; and with the mid range estimate for costing purposes for this assessment set at 8 elections.</p> <p>The best estimate of the average local authority mayoral election costs is £641,344 which, applied to 8 authorities (while taking into account the local authority electoral cycle), suggests a total election cost of £9.0m at net present value (Net Present Value) across 8 authorities over a 10 year period (that is, 2 election cycles).</p> <p><u>Total costs</u> - assuming the estimate that two-thirds of referendums produce yes results - would be £11.5m (Net Present Value); should all referendums produce a yes result, total costs would be £15.9 m (Net Present Value).</p> <p>There may be some internal administration costs for councils following the changeover to a mayoral model of governance, but it has not been possible to accurately estimate the overall effect of these. Such costs have not therefore been reflected in the overall estimate of the total monetised costs of the policy.</p> <p>Annex 4 does, however, set out some of the possible differences in administrative costs between the mayoral governance model and the existing leader and cabinet model.</p> <p>During the transition period to the mayoral model there may be a temporary reduction in public understanding about how local authorities reach decisions and who is accountable for them. However, as is the case currently, it will be for each local authority to ensure that local residents are aware of how the local authority operates, including making available information about its decision making structures and constitution. This may involve some communication costs to local authorities, however, the Government considers that such costs would be negligible.</p> |  | <p>The key benefits of the policy (indicated below) are considered to be potentially substantial but cannot easily be monetised. It is envisaged that the powers and freedoms given to mayors will lead to monetised benefits for local authorities and the people they serve. However, until the package of powers and freedoms has been finalised it is not possible to estimate what these benefits will be.</p> <p>There may also be internal administration and governance changes that councils may pursue which will lead to benefits and savings following the changeover to a mayoral system, but it has not been possible to accurately estimate the overall effect of these. Such changes might involve, for example, a council moving to whole council elections where it currently has elections by thirds to ensure that the council's governance processes can best be integrated with mayoral arrangements.</p> <p>The key non-monetised benefits are to some extent dependent upon the powers which are to be conferred upon the office of mayor. However, evidence indicates that the mayoral model can lead to the following non-monetised benefits:</p> <ul style="list-style-type: none"> <li>• increased democratic accountability by virtue of the mayor being directly elected;</li> <li>• increased visibility and recognition amongst citizens – under the mayoral model people are more likely to know who is responsible for a decision and therefore hold them to account;</li> <li>• increased democratic participation – evidence suggests that there may be increased turnout at mayoral elections;</li> <li>• improved partnership working, with the mayor working as an effective co-ordinator; and</li> <li>• more effective decision making.</li> </ul> <p>The wider benefits of operating the mayoral model will be very much dependent upon the powers and freedoms given to mayors. It is intended that these powers and freedoms will enable mayors to drive improvements in their local economy and improve social outcomes, ensuring they have the capacity to achieve the step change in outcomes that we need if our big cities are to be genuine drivers of growth in the economy. A further Impact Assessment will be completed once the detailed package of powers and freedoms is complete.</p> |
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| <p><b>Local referendums</b></p> | <p>4</p> | <p><i>Local referendums</i><br/>The main groups affected by the policy are local authorities and local citizens. The main costs of the policy will be incurred by local authorities. These are:</p> <ul style="list-style-type: none"> <li>• Checking the validity of petitions calling for a local referendum. This will include deciding whether proposed questions are legal, non-vexatious and appropriate to the local area; and verifying petition signatures against the local electoral register for the area concerned to ensure that issues have been raised by local people;</li> <li>• Organising and conducting any resultant referendums.</li> </ul> <p>A range of indicative costs arising from these responsibilities has been derived, acknowledging the considerable difficulties in estimating accurately the incidence of valid petitions which will be raised by the public under this new policy, their spatial level and subject matter. Based on the assumptions and methodology set out in this Impact Assessment, the best estimate of annual costs to all local authorities in England would be approximately £0.4m for checking the validity of petitions and on average £3m for organising and conducting any resultant referendums. Combining these gives an estimated total cost to local authorities over the 10 year period from 2012-2021 (in present value terms) of approximately £30m.</p> <p><i>Petitions scheme abolition</i><br/>The Government does not consider that there are any costs involved in repealing the petitions duty.</p> | <p>4.2</p> | <p><i>Local referendums</i><br/>The Government does not envisage that councils will enjoy any substantial monetised benefits from the policy to enable local referendums to be instigated by local people. Particular referendum results could lead to money saving outcomes but such benefits would be particular to that referendum rather than a consequence of the policy itself. It is expected that there will be wider democratic benefits associated with the policy – in terms of increased citizen engagement and public understanding, and improved fit between local needs and local authority decisions (see paragraph below). However, it is not possible to monetise nor quantify these wider benefits.<br/>Reviews of the academic literature – particularly drawing upon countries such as the USA, New Zealand and Switzerland which have a history of enabling referendums (or 'citizens' initiatives' as they are often termed) – have identified two main non-monetised benefits:</p> <ul style="list-style-type: none"> <li>• Representative effects: There is US evidence that suggests those states with the initiative/referendum model have policy outcomes more in line with public opinion than those without. Furthermore, surveys in Europe and the US reveal high levels of public support for initiatives/referendums as mechanisms of direct democracy (Lupia &amp; Matsusaka, 2004<sup>2</sup>).</li> <li>• Wider 'spillover' effects: There is some evidence that initiatives/referendums may have a wider educative effect in terms of increasing the likelihood of citizens voting (Tolbert, 2003<sup>3</sup>). Research indicates that, in the US, their presence increases turnout by around 5% though, in Europe, this relationship between initiatives and turnout has not yet been found (Qvortrup, 2007<sup>4</sup>).</li> </ul> <p><i>Petitions scheme abolition</i><br/>There should be potential ongoing annual savings of £4.2m because principal local authorities will no longer have to comply with the petitions duty.</p> | <p>36</p> |
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<sup>2</sup> A. Lupia & J. Matsusaka (2004), Direct Democracy: New Approaches to Old Questions.

<sup>3</sup> C. Tolbert (2003), Cycles of Democracy and institutional realignment in the American states. Political Science Quarterly, 118(3): 467-489.

<sup>4</sup> M. Qvortrup (2007), Supply Side Politics. How Citizens' Initiatives could revitalise British politics. London: Centre for Policy Studies.

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|--|------------|-------------|--|--|---|
| <p><b>General power of competence</b></p>                    |            |             | <p>The proposed legislation does not entail any direct costs for local authorities since it is an enabling power, giving local authorities the discretion to use it if they wish to do so. It is possible that local authorities could incur particular costs as a result of engaging in an activity but because it is a general discretionary power it is impossible to predict what these would be.</p>  |  | <p>There should be a reduced demand on legal resources by local authorities i.e. in considering the application of specific powers to take action where they consider such action is justifiable. It could also reduce the actual and potential costs arising from legal challenge. Perhaps most importantly, application of the power could enable local authorities to obtain better value for money through increased use of innovative approaches. Successful examples of implementation should increase the confidence of local authorities to make greater use of the power.</p>  |
| <p><b>General powers for Fire and Rescue Authorities</b></p> |            |             | <p>The proposed legislation does not entail any direct costs for fire and rescue authorities since it is an enabling power, giving fire and rescue authorities the discretion to use it if they wish to do so. It is possible that fire and rescue authorities could incur particular costs as a result of engaging in an activity but because it is a general discretionary power it is impossible to predict what these would be.</p>  |  | <p>There should be a reduced demand on legal resources by fire and rescue authorities i.e. in considering the application of specific powers to take action where they consider such action is justifiable. It could also reduce the actual and potential costs arising from legal challenge. Perhaps most importantly, the power could significantly increase the confidence of local authorities, enabling them to consider more innovative approaches to service delivery and efficiency savings thus helping them to deliver 'more for less'. Successful examples of implementation should further increase the confidence of fire and rescue authorities to make greater use of the power.</p>   |
| <p><b>Community right to challenge</b></p>                   | <p>3.2</p> | <p>28.6</p> | <p>LOCAL AUTHORITIES: assessing expressions of interest and running procurement exercises where expressions of interest accepted - £2.8m-£3m a year between 2012/13 and 2014/15.<br/>CENTRAL GOVERNMENT: proposed support to community groups - £16m between 2011/12 and 2014/15 (this includes: £1.5m capital and £14.5m resource expenditure - partially offset by repayment of loans) Government is considering the approach to implementation, which will have an impact on final costs.</p> |  | <p>It is not possible to monetise the benefits of the community right to challenge. However the order of magnitude suggested by the illustrative analysis below strongly indicates that the benefits of this option will outweigh its costs.<br/>LOCAL AUTHORITIES: potential cost savings where expression of interest leads to a procurement exercise. Using the assumptions made to calculate costs, if the average value of a local service contract is £200,000, the estimated number of expressions of interest is between 497 and 530 a year, 60% of expressions of interest result in a procurement exercise, and if cost savings from procurement exercises resulting from the community right to challenge are typically 20% as found by Dr DeAnne Julius, then savings would be worth between £11.9m and £12.7m a year. However this estimate should be treated with caution given a) the large uncertainties around the number of expressions likely to be submitted each year and b) the service areas for which they will be submitted; c) when contracts for different services are due to expire and therefore may be subject to an expression of interest; d) the current costs of providing these services; and, e) what the possible cost savings for these services are likely to be.<br/>COMMUNITIES AND SERVICE USERS: greater empowerment through being able to challenge to run services; increased diversity of provision, improved innovation and responsiveness of local services.</p> |

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| <p><b>Community Right to Buy</b></p>  | <p>4.9</p>   | <p>43.3</p>  | <ul style="list-style-type: none"> <li>• Cost to local authorities in maintaining and publicising a list of designated assets of community value: <ul style="list-style-type: none"> <li>◦ One-off cost to set up the list of assets of community value £379,000 (for year 1 only)</li> <li>◦ Cost of managing the list process and five year review of the list = £2.5m per year (note costs will be lower in the first 4 years- see the IA's Annex 3 for further details).</li> </ul> </li> <li>• Cost to asset owners <ul style="list-style-type: none"> <li>◦ Direct costs incurred by owners as a result of the delay in sale caused by the moratorium (e.g. additional maintenance, security and utility costs), estimated as £51,000 per year, however this cost will be recovered from local authorities in the form of compensation claims.</li> </ul> </li> <li>• Cost to government <ul style="list-style-type: none"> <li>◦ Providing grants/loans to community groups- £12m (spread over 3 years) - note the loan element will be repayable.</li> </ul> </li> <li>• Cost to government of providing resource support to community groups- £13.2m (spread over 4 years).</li> </ul> <p>Other key non-monetised costs by 'main affected groups'</p> <ul style="list-style-type: none"> <li>• Possible lower receipts by asset owner from sale of asset after the moratorium, due to fluctuation in the property market (but this will depend as much on property market, which may go up or down)</li> <li>• Any impact of listing on saleability of the asset, though this again is unpredictable and subject to other factors such as planning considerations</li> <li>• Possible impact from delay in sale on public or private sector asset rationalisation (again not predictable)</li> </ul> | <p>50.3</p>   | <p>This policy option outlines benefits achieved if there is a high take up, but the low cost option is also shown in the cost benefit analysis. Outcome of key benefits are based on the assumption that government's initial investment includes a national support framework and funding to support communities to take up new opportunities.</p> <ul style="list-style-type: none"> <li>• Creation of jobs in communities: up to 5 jobs per project (transfer) - estimated benefits of £1.1m per annum.</li> <li>• Value of increased volunteering: up to 5,800 additional volunteers per annum, with a 41% probability that unemployed volunteers move into paid employment. Assumed benefit of increased volunteering as a result = £6.3m per annum.</li> <li>• Amenity value, benefits of improved built environment, health benefits</li> <li>• Impact on skills development and possible increased revenue to the Exchequer from tax revenues</li> <li>• Growth in social capital and associated community action, leading to more self-sufficient neighbourhoods</li> <li>• Increase in financial self-sufficiency of asset-owning community organisations, so reducing dependency on state funding</li> </ul> |
| <p><b>Business Rates Supplement – requirement for a ballot for all Business Rate Supplement proposals</b></p> | <p>0.011</p> | <p>0.095</p> | <p>The administrative cost of ballots will fall to local authorities that use a Business Rate Supplement to fund less than one third of an economic development project. The cost is not considered to be particularly significant, especially given that the fairly specific circumstances under which these additional ballots will be triggered seem unlikely to occur frequently. A further cost will fall on ratepayers who will need to consider the Business Rate Supplement proposal and vote accordingly. Since participation in a ballot is voluntary and due to the uncertainty over the extent to which ratepayers would have decided if they support a Business Rate Supplement or otherwise in the absence of a ballot (ie the 'do nothing' option) this has not been monetised.</p>  | <p>This may encourage more collaborative, better informed decision making in cases where Business Rate Supplement will fund less than a third of a project's costs. Ratepayers will benefit in that they should not be subject to higher business rate bills unless they perceive the benefits to their business outweigh the costs of the Business Rate Supplement project otherwise the Business Rate Supplement will not pass a ballot. These benefits are difficult to value and so have not been monetised. Nonetheless, requiring a ballot in all future Business Rate Supplements will ensure that projects being promoted will need to satisfy the liable ratepayers that the project will be effective and efficient in delivering economic development otherwise ratepayers will be unlikely to vote for such a proposal.</p> |  |

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| <p><b>Discretionary business rates discounts</b></p>             |            | <p>The costs would fall to local authorities that choose to offer discounts to businesses, as they would be required to fund the difference. These costs are likely to be transferred to residents, unless authorities were able to generate enough revenue from other sources of income to fund the discount. There would be administrative costs for local authorities as a result of calculating and issuing discounted bills. There is a risk that competition to encourage business growth between authorities would cause firms to move between local authorities in order to reduce their occupation costs. There would be additional costs associated with businesses relocating (recruitment, training, fees etc) that would not necessarily deliver any wider benefits, as relocation implies the offsetting of growth in one locality with an equivalent decline in another.</p> |            | <p>The benefits would, in the first instance, fall to businesses that were offered the discount by their local authority by reducing their occupancy costs. There is evidence to suggest that, over time, the benefits of reduced business rates may be received by landlords through higher rents. A proportion of the benefit to the businesses in receipt of a discount would be transferred to the Exchequer as a result of increased corporation or income tax revenue. If businesses could be encouraged to start-up, expand or simply stay solvent as a result of a business rate discount, this would have spillover effects for the communities in which they operated, improving prospects for employment and growth.</p>  |
| <p><b>Small business rates relief automation</b></p>             | <p>39</p>  | <p>The burden of funding the Small Business Rate Relief scheme will be shifted onto a smaller group of ratepayers - those occupying hereditaments with rateable values above the Small Business Rate Relief thresholds. Between them this group will face increased costs of around £22m annually. There will be additional cost of providing relief to the non-claiming businesses in qualifying properties. This is estimated roughly at £18m, as the amount of unclaimed relief forecast for 2010-11.</p>  | <p>40</p>  | <p>Ratepayers beneath the Small Business Rate Relief thresholds that were either ineligible or were not claiming Small Business Rate Relief for other reasons will no longer contribute to funding the scheme through a supplement on the multiplier. The total benefit to this group will be around £22m annually. Additionally, the benefit of the relief to the non-claiming businesses in qualifying properties is estimated roughly at £18m, as the amount of unclaimed relief forecast for 2010-11. As local authorities are likely to be able to gauge reasonably well who is and is not eligible for small business rate relief. The figures take into account the benefit for businesses of no longer having the requirement to fill out an application form. This applies to any businesses that would have been newly claiming under the current eligibility criteria e.g. start-ups.</p> |
| <p><b>Local government senior officer pay accountability</b></p> | <p>337</p> | <p>It is expected that any costs will be limited to the administrative tasks of consulting, preparing and publishing the senior pay policy statement. Councils already consider, on a case-by-case basis, their policy on pay when making determinations about senior pay and the statement should be considered at a normal meeting of full council. It is expected that councils will use their existing arrangements for undertaking research on senior pay.</p>   | <p>340</p> | <p>Increased transparency and accountability of senior pay decisions will ensure that members make better value for money decisions on senior pay which should have a deflationary effect on senior pay, saving relevant authorities expenditure.<br/>A 1% saving on the chief executive, chief officer, and senior fire officer pay bills would save councils and Fire and Rescue Authorities over £6 million per annum. The policy ensures that locally elected councillors and Fire and Rescue Authority members are accountable to their electorate in determining senior pay. It also retains significant local flexibility in senior pay determinations.</p>   |

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| <p><b>Removal of council charge and reward powers for waste reduction under Climate Change Act</b></p> |           | <p>The Government believes that no council would come forward to use charging powers, even if the powers were kept in place. This reflects the fact that to date no council has come forward to use charging powers and that there has been strong local opposition to the policy. This scenario, which is considered the most likely outcome, forms the basis of the low scenario.</p> <p>Across wider society more recycling could lead to significant additional time costs of householders sorting waste which would outweigh other net benefits. This will be revealed if the householders do not respond to incentives as expected as at the household level incentives should compensate for incremental recycling effort.</p> |           | <p>There are potential equity benefits and there is also a reduction in admin burdens as local authorities are free to run reward only schemes without having to go through the bureaucratic process first. The risk and incidence of increased fly-tipping could be reduced. As seen in Windsor and Maidenhead's RecycleBank scheme, there is a strong appetite for schemes which reward residents for doing the right thing with their rubbish.</p>  |
| <p><b>Cancellation of certain backdated non-domestic rates liabilities</b></p>                         | <p>17</p> | <p>The exchequer will forgo certain unexpected and significant backdated liability, of an estimated nominal value of £.177m. There will be minimal administrative costs involved with introducing the waiver.</p>   | <p>17</p> | <p>Eligible ratepayers will benefit from this scheme by having certain backdated liabilities waived, by an estimated nominal value of £177m. The unfair burden placed on those ratepayers that genuinely may have found the backdated bills unexpected (due to properties being split from larger rateable hereditaments and added to the 2005 ratings list for the first time between 1 January 2008 and 31 March 2010 (during the economic downturn)), will have the qualifying backdated element removed from their bills. The policy will have retrospective effect so that any rates that may already have been discharged in respect of the cancelled liability will be refunded either by means of refunds or will be used to offset ongoing/future rating liabilities.</p> <p>An incidental benefit of this measure may be to help businesses grow – a number of businesses hit by backdated rates have claimed that the liability would necessitate laying off staff or would adversely affect the business by for example, making the company technically insolvent.</p> |

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| <p><b>Provision for referendums to veto excessive Council Tax increases</b></p> | <p>1.16</p> | <p>The main benefits of this policy are that it strengthens local communities' rights and influence. Local people will take the final decision on whether to approve or veto a council tax level above the threshold set by the House of Commons. However, monetary costs are not the key driver behind the policy - the benefits to local communities being given the power to take the final decision on excessive council tax increases outweighs any monetised costs.</p> <p>The costs of a principal local authority organising a referendum are estimated to be in the range of £85,000-300,000. The costs to an authority of preparing a shadow budget and (if necessary) repaying council taxpayers are comparable to what they would have been under capping. These costs will be met by the relevant local authority. The Government does not envisage that authorities should generally need to set excessive council tax increases and so does not anticipate a significant number of referendums being held in any given year. By announcing the threshold for triggering a referendum earlier than was the case with capping announcements (which were made after authorities had set their budgets), fewer authorities may be affected by these proposals compared with capping. Since capping was re-introduced in 2004-05, some 6 authorities per year were capped on average; this number is used as a proxy to calculate the midpoint of the total costs above. A range of 1-12 authorities is used to calculate low and high scenarios. However, if council tax referendums mainly fail, then the number of authorities prepared to set excessive increases and trigger a referendum will fall.</p> <p>There would not be a net cost for council taxpayers, where local electors choose to accept a proposed excessive increase, since they would have voluntarily chosen to make this payment in exchange for a higher level of service provision. There may be some distributional effects where, for example, some local people are likely to benefit from particular increases in service provision than others. However, there has not been any past evidence of a direct correlation between deprivation and use of services or voting patterns. Indeed, Croydon (2001 and 2002) and Milton Keynes (1999) used referendums to test public opinion about council tax levels, and found that the more deprived wards actually favoured the lower tax options more than the wealthy wards. This is the most relevant and reliable data available as these are the only years where formal council tax referendums have been held by local authorities, none having been held since then. Band D council tax has more than doubled since 1997-98 and high increases in the past have led to various measures designed to constrain local discretion, including council tax capping.</p> | <p>10</p> | <p>Under the proposed arrangements, local authorities will now have a choice over whether they re-bill immediately if they lose a referendum, offer refunds at the end of the year or allow credits against liability in the following year. The costs of administering this system may be lower than those currently borne by a capped authority which is obliged to issue a new set of bills immediately. However, this will depend on how many taxpayers request in year refunds. It may be that so many refunds are requested that it would cost less to re-bill all taxpayers and therefore there will be no difference with the cost for re-billing under capping powers. Rebilling costs in 2008-09 were £380k for Lincolnshire police authority (£1.22 per household) and in 2009-10 it was £626k for Surrey police authority (£1.29 per household). The authority would be obliged to refund all households that request a refund in year, but it is simply not possible to know what proportion this might be. A very crude estimate is 50% resulting in a cost of around £0.65 per household.</p> <p>The most obvious benefit of the policy is that local electors will themselves be able to exert pressure in favour of lower (average) increases by vetoing excessive increases in council tax bills, thereby trading off council tax levels against the provision of local services, and choosing the balance of tax and services that best matches their preference. This would be a net benefit regardless of the outcome of the referendum. This may also change people's behaviour in that it will lead to more local democratic involvement and scrutiny of local authority's expenditure plans, which should drive value for money. We estimated that the change in policy would save around £10,000 to Central Government in staff costs, since less civil service time will be dedicated to policy and analytical work on referendums as compared to that on capping.</p> |
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| <p><b>Abolition of the regional planning tier and introduction of the Duty to Cooperate</b></p> |  | <p>9</p>     | <p>The abolition of Regional Strategies imposes transitional costs associated with winding up Leaders' Boards responsible for revising, implementing and monitoring Regional Strategies. It also has associated costs for the Government Office network, and Planning Inspectorate in facilitating the transition. The winding up of Leaders' Boards is estimated to result in transitional costs of £8m. But these transitional costs are smaller than the ongoing costs of continuing to revise, implement and monitor Regional Strategies described below.</p> <p>The Duty to Cooperate will impose an admin cost of approximately £0.8m on public bodies responding to requests for information from Local Authorities.</p> <p>Our worst case scenario involves the potential for a negative impact on supply following a reduction in plan numbers as a result of Regional Strategy abolition which if monetised would increase the costs above. There may be external costs associated with the removal of Regional Strategies: 1. Local Planning Authorities having to undertake additional work, e.g. evidence gathering. 2. Absence of Regional Strategy may delay processing of planning applications and preparation of local plans. 3. Burdens on Planning Inspectorate if more applications go to appeal or are referred back. 4. Loss of intellectual capital with the winding up of Leaders' Boards. 5. Uncertainty for the development industry.</p> | <p>17.1</p> | <p>At this stage we can identify the following main affected groups who will save on administrative costs, because they do not need to participate in the ongoing preparation of Regional Strategies: 1. Leaders' Boards who have been wound up (£16m pa); 2. Government Office network (£0.1m pa); 3. Planning Inspectorate acting on behalf of the Secretary of State to appoint Independent Panel Chairs, organise and resource Examination in Publics/report writing (£1m pa); 4. Local Planning Authorities and external partners who no longer have to engage in Examination in Publics and prepare evidence etc.</p> <p>Local communities are now free to develop plans for sustainable development which reflect the aspirations of local communities without the burden of regional housing targets.</p> <p>Our best case scenario involves the potential for positive behavioural responses by Local Authorities following Regional Strategy abolition i.e. in some areas Regional Strategy targets created opposition to development and as such removal of targets could potentially increase development by increasing the acceptance rate for planning applications. There is currently no evidence to quantify this impact on acceptance rates, however we have considered a number of illustrative scenarios to show the potential impact of higher acceptance rates on the number of permitted new dwellings, which if monetised would increase the benefits presented under the best case.</p> |
| <p><b>Major Infrastructure Projects</b></p>   |  | <p>0.815</p> | <p>Transition costs</p>  | <p>4.3</p>  | <p>Reduced operational cost of Major Infrastructure Planning Unit as compared to Infrastructure Planning Commission: £33.56m (present value over 10 years). Savings to applicants from changes to sections 35 (£710,000) and 42 (£2.7m) of the Planning Act 2008. Greater democratic legitimacy and accountability in decision making is likely to empower local people and give a greater sense that they have the ability to influence the decision making process. This in turn is likely to reduce objections and appeals against development and promote greater acceptance of decisions that are made.</p> <p>Parliamentary scrutiny and approval will give National Policy Statements greater legitimacy and provide increased certainty of the policy for major infrastructure projects. This is expected to reduce both the likelihood of legal challenge to National Policy Statements, and of any legal challenge being successful. This may in turn deliver minor savings in legal costs.</p>  |



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| <p><b>Updated final impact assessment for the Community Infrastructure Levy</b></p> | <p>770<sup>5</sup></p> | <p>6225<sup>2</sup></p> | <p>Local authorities: 10 year LA set up costs: £61m to £68m. 10 year local authority ongoing costs: £146m to £162m based on assumptions regarding local authority take-up. Annual on-going costs include recurring set-up costs. Developers: Net Present Value of 10 year costs to those paying Community Infrastructure Levy: £5,270 to £6,600m. Note: the revenues generated are themselves a cost to those paying the charge, but a benefit to the local authorities who receive Community Infrastructure Levy. In net terms, Community Infrastructure Levy therefore represents a transfer and not a net cost. Community Infrastructure Levy will impose costs on those developers that choose to participate in the consultation process for establishing Community Infrastructure Levy charges and of submitting evidence to the public examination. But, note the non-monetised benefits.</p> | <p>1010<sup>2</sup></p> | <p>Local authorities: Net Present of 10 year revenue from Community Infrastructure Levy: £5,330m to £6,680m. This is based on the potential take-up of 82% to 92% of authorities taking up Community Infrastructure Levy in 2016. Community Infrastructure Levy offers developers greater certainty and predictability about their potential contributions compared to the current arrangements and so should speed up the development process and result in admin savings for those firms who make contributions under the present arrangements. Critically, increased transparency and better coordination of developer contributions will ensure funding for vital infrastructure projects for communities that might otherwise not be delivered and thereby help to deliver further development and the benefits associated with this.</p> |
| <p><b>Local Plan Reform</b></p>   |                        |                         | <p>No monetised costs expected for any group</p>   | <p>0.7</p>              | <p>Local authorities should benefit from lower costs of reduced examination periods following from less stringent requirements to be met in order to adopt a Development Plan Document. Small saving for local authorities from reduced numbers of Development Plan Documents withdrawn. Local communities have more scope to influence local policy and consequently become more engaged with the planning system, leading to better quality development and more community scrutiny of plans. Local authorities have greater freedom in producing Annual Monitoring Reports and Local Development Schemes in format of choice, resulting in lower costs from this reduced bureaucracy. Greater certainty for the development industry as plans are informed by clearer guidance and less bureaucracy.</p>                                    |

<sup>5</sup> Please note that the costs and benefits are for the Community Infrastructure Levy as a whole (updated from the February 2010 IA), rather than for the reforms to it.

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| <p><b>Compulsory pre application consultation between prospective developers and local communities</b></p> | <p>5.3</p> | <p>44.9</p> | <ul style="list-style-type: none"> <li>• Cost to applicant in consultant fees and administrative cost of completing pre-application consultations. Note that architecture costs are not included here as these will be incurred in any case as the result of engagement in the planning process.</li> <li>• Offset by those currently undertaking some form of pre app: estimated at 80 to 90% of large-scale major applications</li> <li>• All of these costs are borne by the developer</li> <li>• Those who currently do not undertake a community pre-application consultation and whose application is granted within 13 weeks, could take a longer overall period to be granted permission.</li> </ul> | <p>18.6</p> | <p>160.2</p> | <p>Benefits include:</p> <ul style="list-style-type: none"> <li>• Greater community involvement is expected to increase acceptance rates of proposals, resulting in more development (12-24m), as collaboration will expose unanticipated issues that can subsequently be addressed.</li> <li>• Predicted reduction in administrative costs associated with the processing and determination of planning appeals (0.3m – 0.9m per annum). Benefits divided between Applicants, Local Authorities and the Planning Inspectorate.</li> <li>• Greater community involvement will benefit society by providing a positive and constructive role for local people in the planning process. The resultant increase in local support for new developments should lead to more, better quality housing (and other development) being delivered.</li> <li>• Applicants whose applications currently fall in to abeyance and are granted permission after the statutory period for determination has expired (13 or 16 weeks) are likely to have permission granted earlier, as a direct result of having undertaken community pre application consultation and avoiding controversy at the application stage</li> <li>• Local communities have a greater say in developments that are likely to affect them.</li> </ul> |
| <p><b>Enforcement package</b></p>  | <p>1.8</p> | <p>15.6</p> | <p>Small admin burden for Local Planning Authorities given that it will be easier to enforce against breaches, there could be greater scope for enforcement action; small administrative costs in checking duplication of Retrospective Planning Applications and enforcement appeals; increased fines for offenders; Planning Inspectorate: administrative costs of checking duplication of Retrospective Planning Applications and enforcement appeals.</p>  | <p>2</p>    | <p>16.9</p>  | <p>Local planning authorities: easier to enforce against offenders and prosecute. Reduced admin burden in no longer having to determine when breach occurred; avoiding duplication of work; potential reduction in the number of breach of conditions; reduction in the number of enforcement appeals; increase in fine income to the public purse; Planning Inspectorate: cost savings due to a reduced number of appeals.</p> <p>Improving environmental amenity, deterring potential offenders and increasing confidence in local planning authorities and the planning enforcement system.<br/>Stronger powers against deliberate deception and over advertisement control.</p>  |

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| <p><b>Neighbourhood Plans and Community Right to Build</b></p>                     |  | <p>150<br/>(Present Value over 11 years)</p> | <p><b>Central Government:</b> The cost of preparing a neighbourhood plans will be met partly by the local authority and partly by the promoters of the neighbourhood plans. In the initial years, there will be some financial support from Central Government. The average costs are estimated at £17k to £63k per plan. The cost to community groups of bringing forward a Community Right to Build scheme is estimated at approximately £40,000. A greater proportion of neighbourhoods adopting a Community Right to Build would increase the likelihood of the lower cost estimate (see evidence base for calculation).<br/>There are also costs of reviewing the plan – estimated at an average 70% of the original costs of the plan – every 10 years, included as transitional costs. <b>Developers</b> will pay a fee upon completion of development given permission under a neighbourhood development fee, yet this will be lower than the current planning application fee and thus represents benefits to developers (see non-monetised benefits).</p>  | <p>151</p> | <p>1494<br/>(Present Value over 11 years)</p> | <p><b>Economy:</b> additional development (housing, for example) has an associated economic benefit that can be valued by the land-value uplift of those additional units. Average annual benefits: £56m - £113m.<br/><b>Local authorities:</b> Savings from no longer having to process planning applications (nets out the above revenue from fee income). Fee income from developers: £14m - £28m (average annual).<br/><b>Developers:</b> Savings from no longer having to complete the planning application process: £52m.<br/><b>Local authorities, the Planning Inspectorate and Developers:</b> savings from appeals against planning applications: £15m.<br/><b>Community:</b> Development that occurs will be more in line with the wishes of the local community and the community will gain from planning incentives as a result of promoting development in neighbourhood plans. Development will often be of a better quality and provide greater civic amenity because of civic engagement. <b>Developers:</b> the fee required under a neighbourhood plan will be lower than that of a current planning application reflecting the lower costs to local authorities. There could also be greater certainty for developers as communities will be involved from the start and so there could be a reduction in late objections.</p> |
| <p><b>Payment of EU infraction fines by local and other public authorities</b></p> |  |  | <p>The economic costs will be mainly on local authorities and other public bodies 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 thousand of pounds for continuing non-compliance. This is on the assumption that departments utilise this power to pass on/ recover the cost of fines imposed. Only those bodies 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.<br/>Where there is a pressing need to ensure compliance with EU law local authorities and other public bodies 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 authorities or public bodies would have to bear for non-compliance</p> |            |   | <p>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.</p>  |

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|  | 122 | 1049                                   | <p>Costs include additional costs to first time buyers from having to purchase searches, given as approximately £150, multiplied by the expected number of first time buyers in each year. This only affects first time buyers because other buyers are typically selling a property as well. There are additional costs of 'wasted searches' as duplications of searches occur where a transaction fails because the searches do not stay with the property.</p> <p>It is not possible to quantify any net benefits that consumers might have gained from keeping HIPs in relation to their stated objectives of increasing certainty and information for buyers, and of reducing delays and the stresses involved in home buying and selling. Limited evidence of the perceived benefits of HIPs indicates that these were very low. This derives from evidence which shows that although 89% of buyers actually saw a HIP prior to committing to a purchase 67% of these said that it had no influence on their decision to buy, with a further 13% either not reading or not understanding the HIP. Additionally, 20% of sellers did not get or did not remember getting a HIP and of those who did, almost half (49%) said that they did not find them useful. There continued to be consumer dissatisfaction with transaction times when HIPs were required, and with the home buying and selling process. The industry that was created to compile the packs may suffer losses. HIP providers may lose revenue because they are no longer able to charge for bringing together information in a mandatory pack. Some HIP providers may continue to offer searches (and Energy Performance Certificates) so impact may be mitigated.</p> <p>Domestic Energy Assessors may suffer a loss as the need to provide an Energy Performance Certificate has increased from 3 years to 10 years, so fewer Energy Performance Certificates will be purchased.</p> | 197  | 1695                                   | <p>On average, those selling and buying a property will save £78 from obtaining separate buying and selling components rather than obtaining a HIP. This will result in an overall saving of some £870m over a ten year period. In addition, sellers who are not purchasing another property will save a further £150 (as these costs shift to the buyer). Without a HIP the requirement for an Energy Performance Certificate will be every ten years, (EU legislation) this will result in a saving of around £195m over a ten year period. Some estate agents can typically receive a referral fee of £50-£100 per HIP. There is no evidence to suggest what proportion of estate agents get a referral fee. There are a lower number of duplications of searches. This is because a buyer now only purchases them when they are necessary, so no searches will go out of date.</p> |
| <p><b>Repeal of Home Information Packs</b></p> | 656 | 11691<br>(Present Value over 30 years) | <p>Cost to Exchequer of increased Management and Maintenance and Major Repairs Allowances (Present Value £9.688bn) and additional funding for disabled adaptation (Present Value £1.972bn). This is not a direct cost to the Exchequer but instead represents the loss of the surplus which would otherwise be paid to Treasury in the current Housing Revenue Account subsidy determination system. The increased allowance lowers the valuation of council's housing businesses and therefore reduces the amount paid to the exchequer in the self-financing settlement. One off transition cost to local authorities (Present Value £32.2m). Risk of mismanagement of resources by local authority resulting in bailout.</p>  | 1200 | 27814<br>(Present Value over 30 years) | <p>Increase in efficiency due to authorities' ability to plan long-term (Present Value £6.490bn). Homes are maintained to Decent Homes standard, avoiding the capital depreciation of the stock. The value of the avoided capital depreciation is estimated to be in the range Present Value £18.955bn-£23.693bn.</p> <p>Improved quality of housing with its associated effects of better health, educational outcomes etc. Better disabled facilities, improved leaseholder management. Local authorities will have more control over their finances and their ability to plan which will enhance local decision making, accountability and transparency. Opportunity over time for new build programmes on the back of income from rent and sales.</p>  |

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| <p><b>Reform of Social Housing Regulation</b></p> |  |  | <p>We estimate that this option will give rise to redundancy and other transitional costs of around £5m in 2012. There are likely to be substantial additional costs over time arising from the recalculation of pension deficit liabilities. These cannot be estimated at present, as they are subject to ongoing negotiations. Another potential non-monetised cost arises from the introduction of a filter for social housing complaints – this could result in a higher workload for local councillors and MPs.</p> <p>This option is expected to be cost neutral in running cost terms, as the overall level of activity will not change. The level of grant-in-aid received by the Local Government Ombudsman will be reduced by the pro-rata amount related to their social housing complaints and Independent Housing Ombudsman Limited will charge fees from local authorities. There may be some transitional costs (e.g. additional pension costs arising from staff transfers) but it is not possible to quantify these accurately at this stage. The number of staff transferring is estimated to be between 5 and 15. There could be a potential loss of synergy in dealing with complaints that encompass social housing provision and another local authority service, such as environment or health.</p> | 10 | 89   | <p>We estimate that refocusing regulation on proactive economic regulation and reactive consumer regulation will result in an approximate £200k pa reduction in burdens on registered providers of social housing over the period. The cost of regulation to the taxpayer is expected to reduce by around £87m (Net Present Value), reflecting the back-office savings from transferring regulation to the Homes and Communities Agency, efficiency savings and the impact of refocusing the role of the regulator. However, all of these figures are subject to change, as a result of post-Spending Review policy development work. This option would result in a reduction in the number of quangos.</p> <p>Co-locating investment and regulation in Homes and Communities Agency could result in improved synergy between these functions (although regulatory decisions will continue to be taken independently).</p> |
| <p><b>Creating a single housing ombudsman</b></p> |  |  |  |    | <p>The main benefits will be to tenants and their representatives as the single ombudsman will create a simpler and specialised system for dealing with complaints about social housing landlords. This will help support the 'democratic filter' for complaints whereby cases can only be referred to the Ombudsman by local Councillors, MPs or tenant panels.</p> |  |

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| <p><b>A fairer future for social housing</b></p> | <p>18</p> | <p>300<br/>(Present Value over 30 years)</p> | <p>Over the 30 year appraisal period local authorities might incur costs estimated at £65m (£23m-£119m) as a result of the combined impact of the policies. The largest source of cost is predicted to come from authorities' greater use of landlord incentive schemes to secure suitable private sector accommodation for households owed the main homelessness duty. Costs to social landlords could total £218m (£102m-£466m). The majority of costs to social landlords result from actions social landlords take to increase mobility amongst tenants, including developing new tenancy policies, reviewing and granting new tenancies, providing tenants with support and advice, and forgoing rent on dwellings that are vacant. Providers of mutual exchange services that participate in a national home swap scheme might incur costs of £400,000. Changes to waiting list qualification criteria and tenancy contracts might conceivably have some adverse impacts for households that will no longer be able to register for, or to remain in, social housing (since private rents are higher than those for social housing and there is typically less security of tenure). Similar impacts could occur if local authorities make more offers of suitable private rented accommodation to households accepted as owed the main homelessness duty. Low income households in the private rented sector could face stiffer competition for affordable dwellings to rent.</p> | <p>320</p> | <p>6910<br/>(Present Value over 30 years)</p> | <p>The largest monetary benefit expected from the policy options is a reduction in central government expenditure on housing benefit, brought about by reducing the use of temporary accommodation. Over 30 years it is estimated this could save taxpayers £6.6bn in the central scenario (£4bn-£11.3bn), although this is highly uncertain and will depend on how local authorities respond to the flexibility. Together the preferred options are expected to enable local authorities make savings of £923m (£472m-£1.71bn). These benefits are largely attributable to reducing local authority expenditure on homelessness administration and providing temporary accommodation. It is likely that more efficient management of housing waiting lists will also contribute savings. Introducing a national home swap scheme could save social tenants £3m (£2m-£4m) in subscription fees and cut costs to social landlords of administering transfer lettings by £6m (£3-£7m). Existing social tenants will be better able to move house as a result of taking transfer lettings out of the allocations system and putting in place a national home swap scheme. Increasing mobility within the social sector is likely to benefit social tenants themselves and could have positive external benefits, including from reducing housing need (e.g. overcrowding) and making it easier for tenants to move for work. Tenure reform should increase mobility amongst new social tenants and provide opportunities for landlords to provide new work incentives. Alongside the adoption of smaller, more focussed housing waiting lists by local authorities, this could lead to a shift in tenant behaviour and attitudes towards social housing – reducing the culture of dependency on the state. The reforms should help address perceptions that allocations systems are unfair and avoid creating unrealistic expectations of accessing social housing. Increasing the availability of social housing and giving landlords greater freedoms to determine how it is put to use is likely to lead to fairer outcomes and could have positive distributional impacts. Giving social landlords the ability to support households in most need of assistance could potentially deliver further savings in the housing benefit bill.</p> |
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| <p><b>Devolution package: provision of housing and regeneration powers to the Greater London Authority, Abolition of the London Development Agency, Enabling Mayor to designate Mayoral Development Corporations</b></p> |  | 0.98 | <p>We estimate that there are transitional costs in the areas of systems and IT integration, of marketing and communications and due to the recruitment of new board members. Non-monetised costs may arise because devolving responsibilities for decision making in respect of housing and regeneration in London may lead to different policies being applied in London but this is dependent on the decisions made by the Mayor and Local Authorities and there is currently very little evidence which would enable us to make a prediction. The transitional costs for any transfers needed to establish a Mayoral Development Corporation could only be calculated in light of proposals for a specific Mayoral Development Corporation. Specific redundancy and pension costs as a result of the transfers have also not been quantified.</p> | 0.66 | 5.44 | <p>The ceasing of Homes and Communities Agency London and London Development Agency operations in Greater London with the Greater London Authority undertaking housing and regeneration investment moving forwards, is estimated to free up office space and provide savings in back office spend. Removal of duplications of activities is likely to lead to efficiency savings of wage costs. There is uncertainty but for illustrative purposes we estimate the London Development Agency transfer will lead to additional annual savings in the range of £0.3m to £0.5m (savings in admin/corporate services, no longer need a Chief Exec and Board). Similar operational and running costs savings might arise from establishing a Mayoral Development Corporation and would vary according to the specific proposals.</p> <ul style="list-style-type: none"> <li>• More effective forms of investment in communities through improved intelligence and better understanding of the needs of communities. For example, in respect of housing investment, the Mayor of London currently produces a London Housing Strategy which he is required to consult on. However, the Homes and Communities Agency currently only have to have regard to the London housing strategy in delivering housing investment in London. Once the Greater London Authority has powers for housing and regeneration in London, the Mayor will be responsible for delivering the housing strategy which enhances the impact of consultation.</li> <li>• Clearer lines of accountability and responsibility with the Mayor being democratically accountable to Londoners and the elected London Assembly</li> <li>• Greater strategic management of land assets through bringing Homes and Communities Agency London and London Development Agency into Greater London Authority</li> <li>• Benefits from alignment of investment through bringing control of housing and regeneration within the Greater London Authority family and exploiting synergies between land, housing, transport. Further enables Mayor to respond to local priorities and needs.</li> <li>• Increased innovation through funding flexibility</li> <li>• Where a Mayoral Development Corporation is established, specific focus and consolidation of the public bodies working to deliver regeneration in that area and relevant of their powers (including planning), assets, staff, funding.</li> </ul> |
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## Annex B – One in one out

The following tables outline the Bill's regulatory Ins and Outs.

### Ins

| Policy                                   | Net cost to business (annual, £m) | Explanation  |
|--|-----------------------------------|--|
| Community Right to Buy                   | 0.05                              | Cost to asset owners- direct costs incurred by owners as a result of the delay in sale caused by the moratorium (e.g. additional maintenance, security and utility costs) is estimated as £51,000 per year, however this cost will be recovered from local authorities in the form of compensation claims. |
| Compulsory pre-application consultations | 5.1                               | Cost to applicant in consultant fees and administrative cost of completing pre-apps. –these are offset by those currently undertaking some form of pre app: estimated at 80 to 90% of large-scale major applications   |
| A fairer future for social housing       | 1.6                               | This combines the cost of Allocations, Tenure, Homelessness, Mobility and Financial Incentives policies. For details please see the individual IA.   |

### Outs

| Policy  | Net benefit to business (annual, £m) | Explanation  |
|---|--------------------------------------|--|
| Provide for automatic small business rates relief | 0.3                                  | Saving due to removal of the requirement for some businesses to apply for relief   |
| Neighbourhood Plans                               | 60                                   | The administrative burden and policy cost savings to business (i.e. developers) are based on estimates of the administrative process of neighbourhood plans. In areas that take up neighbourhood plans, it is estimated that the average annual cost savings to developers from no longer submitting planning applications are £52m (average, per year, constant prices). Savings will also be made as a result of the neighbourhood development fee being lower than that of a 'standard' planning application fee – these savings have not been monetised. Total monetised cost savings to business/ developers in terms of appeals are estimated at £8m (average, per year, constant prices).                       |
| Abolishing HIPs                                   | 41                                   | Administrative burden savings are realised by developers who no longer need to pay for HIPs. These savings are calculated here by multiplying the cost of a HIP by the number of new builds (it is assumed here that all new builds are undertaken by a developer) that are then sold to an owner-occupier (those directly rented do not require a HIP). This is done by taking an approximate figure of England and Wales new build, and then assuming that some 85% of these go straight to owner-occupiers (proxied through the owner-occupation/ private rented sector split of private stock). The cost of a HIP is assumed to be £290. In total this comes to an administrative burden saving of around £41m pa. |



|                               |     |  |
|-------------------------------|-----|--|
| TSA reform                    | 0.2 | We estimate that refocusing regulation on proactive economic regulation and reactive consumer regulation will result in an approximate £200k per annum reduction in burdens on registered providers of social housing. |
| Major Infrastructure Projects | 0.4 | Savings to applicants from changes to sections 35 and 42 of the Planning Act 2008.   |

## Annex C - Specific Impact Tests

### *Statutory Equality Duties*

Equalities screens have been completed for all the policies in the Bill. The results are outlined in the relevant individual impact assessment. The following policies identified a potential equalities impact and therefore completed a full Equalities Impact Assessment: Abolishing the Standards Board Regime; Neighbourhood Planning; Homelessness provisions; Abolishing the Tenant Services Authority. These will be published separately. We also aim to publish a full Equalities Impact Assessment on the Social Housing Tenure provisions following consultation.

### *Economic Impacts (Competition, Small Firms)*

The impact on these of individual policies is outlined in the relevant impact assessments.

### *Environmental impacts and carbon assessment*

The policies in the Bill cover the areas of Local Government; Local Government Finance; Planning; Housing; and London. Effects of individual policies on the environment are set out in the individual impact assessments; this section summarises the overall impact on carbon and other greenhouse gases of the Bill.

*Local Government:* insofar as the policies remove central government burdens; give Local Government and communities more flexibility and freedoms to run public services; and strengthen local democratic accountability, this will have no direct impact on carbon or other greenhouse gases.

*Local Government Finance:* insofar as the policies give more flexibility to local authorities to grant business rate discounts; create democratic accountability around business rate supplements; benefit businesses by automating Small Business Rates Relief and cancelling certain backdated business rates; and create more accountability around local government pay and council tax increase, the policies will have no direct impact on carbon or other greenhouse gases.

*Planning:* Planning policies may have an impact on carbon insofar as they increase housebuilding. It is not possible to definitely predict the effect that the Planning package as a whole will have on housebuilding. Many of the assumptions made in the impact assessments around housing supply are illustrative due to uncertainty.

The three impact assessments which monetise the benefits and costs of a change in housing supply are: Revoking Regional Spatial Strategies; Community Infrastructure Levy; Neighbourhood Plans; and Compulsory Pre-application Consultation. If the most optimistic assumptions around housebuilding in each of these impact assessments are added up, and we use the average tonnes of CO<sub>2</sub> for a new home (3), then the overall increase in carbon is still only around 0.025 MtCO<sub>2</sub>.

*Housing:* Insofar as the policies give more flexibilities to tenants and local authorities around the social housing system and finance, this will have no direct impact on carbon or other greenhouse gases.

*London:* The policies transfer functions from various organisations to the London Mayor. This transfer of responsibility has no direct impact on carbon or other greenhouse gases.

The impact on carbon of the Localism Bill is therefore not large. In any case this will be mitigated by zero carbon homes policy, which in combination with the Green Deal, financial incentives for renewable energy for new home owners, and the gradual decarbonisation of the grid, means we should not expect any significant change to the carbon baseline.

*Social Impacts*

The impact on these of individual policies is outlined in the relevant impact assessment.

*Sustainable Development*

The impact on these of individual policies is outlined in the relevant impact assessment.

## **Annex D – Post Implementation Review plan**

### **Basis of the Review:**

As part of the Government's commitment to review the implementation of new legislation and linked to the policies within three to five years of receiving Royal Assent, we are setting out in high level terms an overarching framework to measure impacts and outcomes associated with the suite of policies comprising the Localism Bill. Each of the individual impact assessments prepared alongside specific policies is accompanied by a Post Implementation Review Plan that sets out specific success criteria and output indicators appropriate for that policy. Due care has been taken to ensure that the proposed output and outcome measures for monitoring policies as they are implemented are proportionate and cost-effective.

For the wider impact and outcome review, we would expect to commence the finalisation of this overarching review methodology once we have established a Review Steering Group comprising analysts and policy officials across the DCLG and ideally that we include as part of a sub-group of this steering group, representatives from local government, along with other relevant external partners in housing, planning, local public services who will be involved in the implementation of these policies.

### **Post Implementation Review Objectives:**

- The Post Implementation Review<sup>6</sup> of the Localism Bill and its constituent policies will provide the Government, Parliament and the public with the evidence to
- demonstrate that the new policy or legislation implemented is achieving its anticipated outcomes and that the assumptions about costs and benefits identified in the impact assessments are supported by the evidence
  - Identify how the policies might be improved, if shown to be less effective than anticipated
  - Improve the methods and means of monitoring and reviewing the implementation and outcomes of future policies linked to policy priorities/issues covered by this legislation

The Localism agenda presents a fundamentally new shift in policy and, as such, there are gaps in the evidence base on the kinds of outcomes associated with these new policies. This Post Implementation Review will provide that evidence base so that Government, Parliament and the public can observe and assess the range of impacts associated with the new policies. The Post Implementation Review methodology has been designed so that it makes the most effective use of existing and continuing data sources where possible and is undertaken in a cost-effective way, without placing undue burden on the Department or partners who will be responsible for implementing these new policies and providing feedback on impacts.

### **Review rationale:**

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<sup>6</sup> Based on Better Regulation Executive Guidance 2010.

By its nature an objective of Localism is to encourage diversification in response to the needs of the locality. Therefore, we might expect considerable variation in the ways that these policies are implemented and the associated outputs. We will want to ensure that we identify outputs and outcomes that are both proportionate yet methodologically robust. We intend to draw up the finer details of the review methodology in the months ahead, through a soon to be formed Localism Bill Review Steering Group.

We are proposing that the Post Implementation Review will entail a multi-method approach including the analysis of quantitative data (for example from DCLG funded surveys and data sources e.g. English Housing Survey; CORE) together with analysis of administrative data gathered from Local Authorities and Planning Authorities and other partners who are responsible for the delivery of these policies. In addition, we may need to commission some specific new research and analysis that might include questions to be carried in existing omnibus surveys or, further secondary analysis of existing data gathered by other data providers. It is also likely that we will want to consider some qualitative case study research, either undertaken by analysts in DCLG or, completed in collaboration with other research suppliers (academic bodies/ research centres and organisations) to make the most of our resources and expertise.

Further details of suggested data sources are set out later on in this plan, however, we will be working up the details of the methodology, including the particular details of the data sources and the types of indicators that we will focus on over the next few months. This will be one of the main tasks of the Review Steering Group.

To measure the overarching impacts and outcomes linked to the Localism Bill, policies have been linked by theme where appropriate and the cumulative impacts of those policies will be considered in the round. For the purposes of this plan, four thematic areas and suggested outcomes have been identified. The themes and the linked policies include:

**Policies clustered into themes to measure outcomes and impacts from the Localism Bill**

| <b>Planning</b>  | <b>Local Government &amp; Democracy</b>  | <b>Local Government Finance - Business Rates</b>  | <b>Social Housing</b>  |
|--|--|---|--|
| <ol style="list-style-type: none"> <li>1. Community Infrastructure Levy</li> <li>2. Enforcement package</li> <li>3. Compulsory Pre-application Consultation</li> <li>4. Local Plan Reform</li> <li>5. Major Infrastructure Projects</li> <li>6. Neighbourhood Plans and</li> </ol> | <ol style="list-style-type: none"> <li>1. Abolition of the Standards Board</li> <li>2. The granting of general powers for local authorities</li> <li>3. The granting of general powers for Fire and Rescue Authorities</li> <li>4. Greater freedom over</li> </ol> | <ol style="list-style-type: none"> <li>1. Discretionary Business Rate Discount</li> <li>2. Small Business Rate Relief Automation</li> <li>3. Business rate supplement ( Ballot Business Rate Supplement proposals)</li> <li>4. Cancellation of certain</li> </ol> | <ol style="list-style-type: none"> <li>1. Reforming the Annual Housing Revenue Account Subsidy system</li> <li>2. Creating a fairer future for social housing</li> <li>3. Reform of social housing regulation</li> </ol> |

|  |  |   |  |
|--|--|---|--|
| <p>Community Right to Build</p> <p>7. RSS revocation</p> | <p>local authority governance arrangements</p> <ol style="list-style-type: none"> <li>5. Making decisions of the Local Government Ombudsman binding</li> <li>6. Local Referendums</li> <li>7. Directly elected mayors</li> <li>8. Community right to challenge</li> <li>9. Community right to buy</li> </ol> | <p>back dated non domestic rate liabilities</p> |  |
|--|--|---|--|

Each of these themes has been considered in turn and the potential impacts (initial results) and outcomes (longer term results) are presented in the following tables. These outcomes will need further consideration, to ensure that the final measures chosen are both reliable and efficient to administer. It is important to acknowledge at this point that we will not know how they will be implemented across the country, nor how success will be locally defined. Therefore, we anticipate that we will need to review the measures post baseline and ahead of the follow-up phase to ensure that the indicators are still sensitive and appropriate to the way policies are implemented at the local level.

## Planning Decisions/ Policies: Suggested impacts and outcomes to measure

### Impacts (short term results)

- Changes to the range of **planning tools/procedures available** to local areas – anticipated outcome is that the wider range of policy tools will ensure speedier, less costly and widely agreed and approved plans for development than current arrangements.
- **Changes to number of delays** and discarded planning activities – anticipated outcome is that as a result of more consultation planning decisions will be easier to approve and planning consent will be achieved more readily across a range of development schemes.
- **Coordinated local plans** (neighbourhood and local planning authority level) that are in line with national priorities, but tailored to local needs.
- Shift in **public perceptions** that the planning system is more **transparent and responsive** to address local needs/requirements.
- Changes to the **costs associated with the revised planning system** – anticipated outcome is that the new system will be less costly overall than current systems – releasing resources for use elsewhere.
- Changes to the number of **planning infractions** – anticipated outcome is that because the new enforcement models entails heavier sanctions and fines these measures in turn will act as strong deterrents, although initially there may be some increase in the number of cases as the new powers come into effect.
- Changes to levels of **local participation in referendums** – anticipated outcome is that participation in consultation on Neighbourhood plans increasing continuously as these plans are rolled out over the country.
- **Changes to perceived levels of acceptability and accountability in how major infrastructure plans** are developed – anticipated outcome is that major plans are developed in a proportionate and timely way and that the process is both more transparent and involves greater accountability than at present.

### Outcomes (longer term results)

- Fundamental shift in the **implementation of the planning system away** from regulation and moving towards more a more consultative and collaborative model – where planning authorities work more closely with businesses, developers the public and the planning authorities, but retaining core regulation for the most serious of planning breaches and infractions.
- Changes in the **level of development activity** – anticipated outcome is that as a result of the policies there will be further development activity across the country, as planning applications are approved without major delays or being overturned.
- Changes in the levels of **civic involvement by public and businesses in planning system** – anticipated outcome is that primarily to inform plans rather than block or seek to overturn development decisions – participating in referendums etc.
- Increased **feeling of empowerment** among public over decision making processes.
- Changes to the **costs associated with the current planning system** (time and resources) – anticipated outcome is that because decisions will be taken on time, the new system will be more cost-effective.
- Changes to the **supply market are more effective in addressing** demand at local and national level, because of the consultation and participation early on in the development of the planning proposals.

## Local Government Decisions/ Policies – Suggested impacts and outcomes to measure

### Impacts (short term results)

- Changes to levels of **awareness** (transparency) among public, businesses and neighbourhoods over how decisions are reached regarding local government policies, service provision and distribution of spend – anticipated outcome is that the public will become more aware of how decisions affecting their local communities are decided and made.
- Changes to the ways that local authorities **organise their governance structures** – anticipated outcome is that local authorities will choose an organisational structure that enables localism and provides greater focus on citizens and communities.
- Changes to the frequency and levels of public **participation in local referendums** – anticipated outcome is that participation in petitions and other consultation methods will increase over time to determine decisions affecting those local areas and the services delivered therein.
- **Changes to the levels of poor quality local services** – anticipated outcome as a result of challenges by public or other services providers will be for services to improve overall.
- Changes to the level of **serious cases of misconduct by elected representatives** over time (anticipated outcome is that the new law provides a stronger deterrent) and leading to better overall standards of conduct by elected representatives.
- Changes in the variety and range of providers of local public services compared to current system. Potential for **growth in new services to be provided by mutual, private or third sector or some combination of organisations**. Potential for an increase in employment where these sectors operate.

### Outcomes (longer term results)

- Changes in **public expectations** on how decisions about local service delivery and the use of publicly funded resources are reached – ie anticipated outcome is a shift in public's expectations towards a view that greater local involvement in agenda setting and sign off is the preferred and acceptable model.
- Changes in levels of **public confidence and trust** in local government decision making – anticipated outcome is that as a result of greater scrutiny and challenge of local services and local authority decision making, public confidence and trust in local government will increase.
- Changes to the overall **quality of public services improving over time** (as perceived by users and tax payers) – anticipated outcome is that as poor service provision is challenged and alternative providers are identified those services will offer better value for money than current provision.
- Changes in the number and types of decisions affecting local areas are taken locally, involving local people and businesses.
- Changes to levels of **innovation in local areas** – anticipated outcome is that as a result of these measures there may be more innovation in public service delivery.
- Changes to types of **local leadership** – anticipated outcome here is that as a result of **greater public scrutiny and challenge** local areas will see stronger local leadership emerging – to feed into the democratic model.
- Change to **feelings of local empowerment** – the anticipated outcome is that with increased participation in referendums and



civic activities, more community groups and third sector bodies become the delivery agents of failing or unavailable local services and capacity will increase.

### **Local Government Finance policies (mainly linked to Business Rates) – Suggested impacts and outcomes to measure**

#### **Impacts (short term results) - to assess**

- **Changes to the amount of time/cost spent by businesses on the administration of business rates and changes to overall perceptions of the complexity/simplicity of the business rate system** – anticipated outcome is that the policies (individual and combined) are designed to make the system less complicated, simpler and easy to use/follow and businesses will report this.
- **Changes to perceptions of levels of regulatory burden for businesses (especially small businesses)** – anticipated outcome is that with the suite of policies aimed at business rate payers will shift changes of perceptions among rate payers about the level of regulatory burden they experience.
- **Changes to business productivity and turnover** – anticipated impact is that there will be more resources available to businesses to maintain and increase their output.
- **Changes to levels of collaboration between businesses and local authorities** – anticipated outcome from policies is that businesses are working more closely together e.g. setting business rates (via referendums) – so it may mean that the business rate policies aimed at businesses promote local enterprise.
- **Changes to number of new businesses moving into local authority areas** – anticipated outcomes from policies is that more new businesses will be attracted to those local areas where business rate incentives are applied. Potential for economic growth and expansion in those areas.

#### **Outcomes (longer term results) - to assess**

- Shift away in local areas from **regulatory mechanisms to incentivised schemes** – the anticipated outcomes is that these policies will aim to positively impact on businesses and the market – to sustain and develop current levels.
- Changes in **types of businesses** setting up in local areas – anticipate that as a result of these policies and other parts of the Localism Policy newer/ wider range of different types of businesses being attracted to local areas.
- Changes to local **economic activity** – anticipate that these policies will generate potential growth in sectors, more employment opportunities and potential for more revenue from tax receipts as a result of the combination of policies.

### **Social housing policies – Suggested impacts and outcomes to measure**

#### **Impacts (short term results)**

- Changes to the **role of central and local government** in setting the agenda for local social housing programmes – anticipated outcome is that there will be a shift towards local authorities and local external partners and away from central government, and central targets.
- Changes to the **nature of participation by social landlords and tenants in the development and approval** of local social housing programmes – anticipated outcome is that social landlords and tenants will be more actively involved in the development of social housing programmes.
- Changes in **public perceptions of how social housing is allocated** – anticipated outcome is that social housing is now more transparent and that it is perceived to be fairer in meeting local requirements.
- Changes to the **nature of housing plans** for the management of social housing stock – anticipated outcome is that the policies will encourage longer term planning than is possible now and for those plans to be responsive to emerging local housing need.
- Changes to the **level of social housing available** to meet local requirements (ie impacts on waiting lists) – anticipated outcome is that waiting lists will be reduced as local areas and providers can be responsive to local needs better than a centrally led system.

### **Outcomes (longer term results)**

- Shift over time in **perceptions about the role and purpose of social housing** – incrementally moving away from a perception of life time entitlement, to it being a resource available when required. This may in turn, see a shift in behaviours associated with the demands for social housing across individuals/households' lifetime.
- Changes to the **levels of homelessness** – anticipated outcome is that by having a responsive system that provides flexible tenancies where they are required homelessness will diminish.
- Changes in levels of **innovation in how local housing needs are met** – given the flexibility of responding with local level policies – local areas may implement new ways to resource and address local social housing needs.
- Changes to **behaviours among the public regarding the use of social housing** – anticipated outcome is that more people will be moving out of social housing back into private rented or private ownership sectors as their circumstances change – including moving between locations, should they need to secure employment opportunities.
- Changes in the **employment status of tenants in social housing** – anticipated outcome is that tenants seeking employment and those who need to move for job related reasons would not be disadvantaged in terms of access to social housing support.
- Changes to the **overall value for money of social housing programmes** – anticipated outcomes are that by having locally defined and developed programmes, available resources (funding and stock) will be allocated in the best and most efficient ways to meet those needs.
- Changes to the **overall quality of social housing** available – anticipated outcome is that because of the availability of tenant panels, tenant consultations and standards for social housing will be scrutinised and poor standards will be reviewed on a regular basis.

### **Overarching impacts common across all of the themes to monitor from the Localism Bill**

Across these themes and all of the Bill's policies there are some cross-cutting measures that may be appropriate for us to consider. Considering these overarching measures should provide us with evidence on the interactional effects of the various policies/themes and how they are perceived and experienced, in the round, by the partners who will help implement them and by the public, businesses and local areas who it is anticipated will benefit from them. The cross-cutting impact measures we have identified include:

- **Changes in public perceptions and expectations of the role of central and local Government** – anticipated outcome is that public expectations about the role of central government will change so that the local government tier will increasingly be identified as the level at which decisions about local matters on housing, planning and public service delivery should be negotiated and agreed.
- **Changes in behaviours among public, businesses and local areas** as a result of devolved power and incentives for the public, local neighbourhoods and businesses to become involved – anticipated outcome is that the public, businesses and local areas will become **more active** in their role as **scrutinisers, collaborators** and in some places as **partners** in how local decisions are made and **how local services are delivered**.
- Changes to the **way public services are delivered and funded** – potential for local services to be delivered by private, third sector or mutual partnerships instead of primarily through local service funding –potentially contributing to greater innovation.

- Changes to the **organisation of local authorities (potential new structures and leadership models)** – anticipated outcome is that with greater flexibility and devolved power new models of leadership in local authorities and communities will be encouraged.
- Changes to **local economy** – potential shift of employment from public sector to private/third/mutual/other combination of sectors.
- Potential for increasing employment overall, increasing tax receipts and reducing the public burden associated with a large public sector workforce.
- Changes to the **role of central government** – anticipated outcome is a move from a more strategic role for national / macro issues away from local or sub-national level matters (unless those issues affect national level policy).
- Better overall **value for money** in how public funding is used – anticipated outcome is that as a result of decisions on local priorities, resources and policy being resolved and addressed at the local level, it will be possible to achieve better value for money than if addressed at the national level.

**Unknown outcomes that we advise should be monitored:**

- Potential impacts on economic activity and employment across local areas, and at the national level.
- Potential impact on quality and nature of public service delivery across local areas and implications for national policy.
- Potential impacts on levels and quality of innovation, as a result of these policies.
- Potential socio-economic policy ‘problems’ created because of adverse unintended impacts from the implementation (or avoidance) of these policies.

**Potential data sources to capture this information**

The table below sets out some of suggested data sources that we could draw upon to measure the baseline and follow-up measures. Although we need to consider the practicalities and the pros and cons of using the proposed data sets in more detail, we anticipate that they will provide a starting point for our discussions to agree the baseline and follow up methodologies, which will be taken forward by the Review Steering Group.

| Indicator/ Outcome measure   | Potential Data Sources  |
|--|---|
| <b>Planning - impacts</b>  |   |
| Changes in planning decisions, consents and plans  | Data from Local Planning Authorities – Planning Applications  |
| Changes to numbers of Local neighbourhood plans  | Data from Local Planning Authorities – Planning Applications  |
| Changes to numbers of planning infractions   | Data from Development Control Statistics and other Local Planning Authority data sets   |
| Changes to levels of participation in referendums  | Returns from Local Planning Authorities about planning referendums; participation levels in referendums among public and businesses.  |
| Changes to perceptions of acceptability and accountability of major infrastructure decisions | Potential placement of questions in existing omnibus surveys containing questions focused around perceptions of key planning decision outcomes or creating a new survey. Potential for bespoke research with a cross section of partners and external partners. |
| <b>Planning - outcomes</b>   |   |
| Shift away from regulation to consultative and   | Monitoring the implementation of these new policies with returns from Local Authorities /Local  |

|  |  |
|--|--|
| collaborative models   | Planning Authorities (Local Planning Authorities). Follow up research (possibly qualitative research) with a representative sample of Planning Authorities on the kinds of changes that have been implemented as a result of the Bill and implications for development outcomes. |
| Changes to levels of development - ie more development   | Monitoring the data from planning applications and approvals; monitoring data around changes to 'land use' and changes to development control statistics.  |
| Changes to the levels of civic involvement in public and business planning.  | Monitoring data collected by Local Planning Authorities on planning consultations with public and businesses.  |
| Changes in public perceptions of empowerment.  | Potential for data to be gathered through questions included in national omnibus surveys or existing national surveys.   |
| Greater balance between supply and demand because of the consultation and participation in development of plans.                         | Further analysis of the collection of the range of data gathered around the planning system, in addition to other data sets.   |
| <b>Local Government Policies - Impacts</b>   | <b>Potential Data Sources</b>  |
| Changes in levels of awareness/transparency among public, businesses and neighbourhoods over how local government decisions are reached. | These data sources may need to be supplemented with additional survey questions, potentially placed in omnibus surveys or potentially building on existing Local Authority-run surveys.  |
| Changes to the ways local authorities organise their governance structures.  | Monitor returns and reports from local authorities on the organisational structures they have chosen to implement.   |
| Changes to frequency and levels of public participation in local referendums   | Monitoring returns and reports from local authorities about the number and levels of participation in local referendums over time, ie to monitor any incremental increases.  |
| Changes to poor quality local services.  | Monitor turn over /changes in the running of local services; local authority user satisfaction from surveys (drawing upon the Place Survey provisionally to provide a baseline) and considering other data sources.  |
| Changes to the range and variety of local services.  | Monitor reports, websites and returns from local authorities on local services operating within the areas; nature and type of services and how those services are funded/resourced (private/third sector/mutuals/ public sector partnerships).                                   |
| Changes to levels of serious misconduct by elected representatives over time.  | Data and returns from the Crown Prosecution Service and further reports from local authorities on cases of misconduct.   |
| <b>Local Government – outcomes</b>   |  |
| Changes to the public's expectations about how decisions about local service delivery and use of public funded resources are made        | These will require some bespoke new research and analysis, potentially through the addition of representative survey of public opinion.  |
| Changes to public confidence and trust in local government decision making   | As above.  |
| Changes to levels of innovation in local areas   | Additional qualitative research with a representative sample of local authority areas.   |
| Improvements in quality of local services over   | Potentially data gathered through a combination of user satisfaction surveys and existing data on  |

|  |  |
|--|--|
| time   | local authorities' services.<br>Potentially we might derive a baseline from the most recent Citizenship Survey or Places Survey. These data sources may need to be supplemented with additional survey questions, potentially placed in omnibus surveys or potentially adding to existing local authority surveys.             |
| Changes to feelings of local empowerment   |  |
| <b>Local Government Finance – Business rates - Impacts</b>                               | <b>Potential Data Sources</b>  |
| Changes to complexity/simplicity of the business rate system                             | Analysis of changes made to the business rate system arising from the policies under this Bill. This could be supplemented by a bespoke survey of businesses or the placement of questions in an existing omnibus survey of businesses (particularly small and medium enterprises).  |
| Changes to perceptions of regulatory burden  | This could be acquired through surveys of small and medium enterprises or through regular organised feedback from businesses.  |
| Changes to business turnover/productivity  | Potentially data from surveys undertaken by BIS/ HMRC and local authorities on business enterprises.   |
| Changes to numbers of new businesses moving into local authority areas                   | Potentially data from local authorities on the number of new businesses paying business rate charges.  |
| <b>Local Government Finance – Business – Outcomes</b>                                    |  |
| Shift from regulatory mechanisms to incentivised schemes                                 | Analysis of how local authorities have applied the new business rate policies under the Localism Bill.   |
| Changes to types of businesses setting up in local areas                                 | Local authority Data linked to payment of business rates or access to business rate exemptions; data on business start ups from Experian.  |
| Changes to Local economic activity   | Data from Experian; from Local Enterprise Partnerships Data; Data from BIS and HMRC – yet to be detailed.  |
| <b>Social Housing Policies – impacts</b>   |  |
| Changes to role of central and local government in making decisions about housing policy | The position of questions in a national omnibus survey.<br>Possibility of carrying questions on the English Housing Survey.  |
| Changes to nature of participation by social landlords and tenants                       | CORE data; Housing Strategy and Business Plan Data (Housing Strategy Statistical Appendices).  |
| Changes to participation by social landlords and tenants                                 | Potentially though data from the Registered Social Landlords database. Housing Strategy and Business Plan Data ((Housing Strategy Statistical Appendices).   |
| Changes to public perceptions in how social housing is allocated                         | Potentially to place questions into a national omnibus survey covering public perceptions of public service delivery (eg British Social Attitudes Survey)  |
| Changes to housing plans for the management of housing stock                             | Housing Strategy and Business Plan Data (Housing Strategy Statistical Appendices and Business Planning Statistical returns). Dwelling Stocks and Vacancies; Housing register of multiple occupancy. Capital expenditure; Private sector housing renewal assistance; private sector clearance; provision of affordable housing. |

|   |   |
|---|---|
| Changes to levels of social housing available   | CORE data; provisionally Housing Strategy Statistical Appendices (HSSA) data.   |
| <b>Social Housing Policies – outcomes</b>   | <b>Potential Data Sources</b>   |
| Changes over time in perceptions about the role and purpose of social housing                     | Potentially to place questions into a national omnibus survey covering public perceptions of public service delivery (eg British Social Attitudes Survey)   |
| Changes to levels of homelessness   | Potentially monitored through data derived from P1E returns   |
| Changes to levels of innovation in how local housing needs are met                                | Potentially derived from new qualitative- or mix method research with external partners on the level of innovation attached to how social housing needs have been met.  |
| Changes to behaviours among the public in the use of social housing over time                     | Monitoring data on the profile of social housing tenants over time – looking at socio-economic profile; movements into and out of social housing schemes. Potentially supplemented by data captured through the English Housing Survey.                                 |
| Changes to employment status of tenants in social housing   | Monitoring data on the profile of social housing tenants over time – looking at socio-economic profile; movements into and out of social housing schemes. Potentially supplemented by data captured through the English Housing Survey.                                 |
| Changes to overall value for money of social housing programmes                                   | Monitoring financial data linked to the implementation of changes linked to the new policies alongside the impacts and outcomes achieved. This is likely to require new bespoke analysis drawing upon the data gathered from the different strands of this methodology. |
| Changes to the overall quality of social housing  | Monitored through tenant surveys and through Business Planning Statistical returns Business Planning Statistical Returns.   |
| <b>Overarching impacts and outcomes</b>   |   |
| Changes in public perceptions and expectations about the role of the central and local government | Meta-analysis of data gathered through the various data sources set out above. Potentially supplemented by new analysis of these and other data sources on public perceptions/attitudes.  |
| Changes in behaviours among the public, businesses and local areas                                | Meta-analysis of data gathered through the various data sources set out above. Potentially supplemented by new analysis of these and other data sources linked to public behaviours – eg uptakes and use of services.   |
| Changes to ways that public services are delivered and funded                                     | Meta analysis of the data from Local Authorities on the delivery of Local Public Services.  |
| Changes to the local economy  | Data from BIS/ONS – Annual Business Inquiry; HMRC returns.  |
| Changes to the value for money offered by the new programmes.                                     | Monitoring the impacts associated with these outcomes.  |

### Timelines and measures of success

We are proposing that discussions about the baselines for the new policies are taken forward now as the Bill progresses through Parliament. Final plans for the baseline will need to be in place in sufficient time to gather baseline data within 6 – 9 months of the Bill achieving Royal Assent.

We are suggesting that further work will be required on developing the follow-up review stage methodology. 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.