



Localism Bill: local referendums  
**Impact assessment**



Localism Bill: local referendums

**Impact assessment**

© Crown copyright 2011

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

This document/publication is also available on our website at [www.communities.gov.uk](http://www.communities.gov.uk)

Any enquiries regarding this document/publication should be sent to us at

Communities and Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU  
Telephone: 030 3444 0000

January 2011

ISBN: 978 1 4098 2764 1

<p><b>Title: Localism Bill: local referendums</b></p> <p>Policy 1: Provision to give local residents the power to instigate local referendums on any local issue</p> <p>Policy 2: Abolition of duty on councils to run a petitions scheme</p> <p><b>Lead department or agency:</b> Department for Communities and Local Government</p>	<b>Impact Assessment (IA)</b>
	<b>IA No:</b> DCLG 0043
	<b>Date:</b> January 2011
	<b>Stage:</b> Final
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Primary legislation
	<p><b>Contact for enquiries:</b></p> <p>1. Victoria Jones/Margaret Uhure 3/J1, Eland House, Ext 43784</p> <p>2. Jane Anderson/Carl Laughna 5/C5, Eland House, Ext 44316</p>

## Summary: Intervention and Options

The existing duty to have a petitions scheme which meets centrally prescribed requirements is unnecessarily cumbersome and bureaucratic for local authorities. We want to remove this prescription, whilst protecting and enhancing the democratic voice of local residents, and saving public money. The Local Government Association says that the petitions duty is one of the top five burdens that should be removed to “*achieve cost savings with little or no impact on front line services*”. We estimate a saving of around £4.2m per annum.

The prescription and cumbersome bureaucracy that the petitions duty has piled on local authorities is unjustifiable. Another part of this Bill sets the framework for local people to trigger referendums and one way people can do this is with a petition. Given the significant impact that a referendum will have, both in terms of the administration of the poll and the impact of the referendum result, it is necessary that local authorities adhere to robust processes when dealing with such petitions. Government involvement is therefore appropriate in these circumstances. Giving people a new power to trigger a referendum will enable people to exert real influence over local decision making.

The Government is putting in place a full – though non-binding – local referendums regime which will give residents greater influence, increase participation, make councils more accountable and should lead to better outcomes. At the same time as recognising the important role of elected representatives in decision making, we are therefore implementing non-binding local referendums.

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

1. Electors across England currently lack a mechanism to trigger a local referendum on issues of importance to them and through which to influence local decision making. To address this, and provide electors with such a mechanism, the Government is committed to give residents the power to instigate local referendums on any local issue.
2. Principal local authorities are currently subject to a duty to set up and maintain a petitions scheme which meets centrally prescribed requirements for dealing with all petitions from local people. The Government considers this to be costly, bureaucratic and unnecessary. Aside from those petitions calling for a referendum and to which particular arrangements will apply, the Government's view is that councils should be free to decide how to respond to all other petitions received from local people. To achieve this, the Government will repeal the legislation setting out the current requirements.

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

1. The objective of the Government's wider localism agenda is to pass power from central government to local authorities, communities and individuals, and to free local government from central prescription. One of the intended effects of the localism agenda, to which referendums policy contributes in particular, is that the public will have greater opportunity and power to influence decision-making on issues that are important to them.
2. The duty to have a petitions scheme which meets centrally prescribed requirements is unnecessarily bureaucratic for local authorities. By repealing the legislation that requires councils to set up and operate a scheme for responding to all petitions the Government will be contributing to the removal of unnecessary and bureaucratic central prescription and giving councils more freedom to determine how they respond to petitions (other than those calling for a referendum) according to their circumstances.

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

**Option 1: Do nothing.** This would not achieve the policy objectives as electors would continue to be without a mechanism to trigger a referendum on issues of local importance and councils would remain under the burden to set up and maintain a scheme for responding to all petitions received in a way which meets centrally prescribed requirements.

**Option 2: Legislate for a mechanism for electors to instigate binding local referendums and abolish the wider petitions duty.** This would not achieve the policy objective on local referendums which is to give residents a means of influence and not of control or decision taking. A scheme of binding local referendums would also run counter to the principle of representative democracy in that it would in effect replace the role of local representatives who are elected to take decisions in the round that balance various and competing local needs and interests. However, the policy objective on petitions would be achieved as councils would be free from the burden to set up and maintain a scheme for responding to all petitions in a way which meets centrally prescribed requirements.

**Option 3: Legislate for a mechanism for electors to instigate non-binding local referendums and abolish the wider petitions duty.** This would achieve the policy objective since residents could instigate local referendums and have a means of influencing the local decision making process without replacing or duplicating the role that local elected representatives play in taking decisions that balance various and competing local needs and interests. In abolishing the wider petitions duty, councils would be free from the existing burden to set up and maintain a scheme for responding to all petitions in a way which meets centrally prescribed requirements. This is the preferred option and the impact assessment considers this option only.

<b>When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?</b>	See Annex 1 - Post Implementation Review Plan
<b>Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?</b>	No

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

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

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

## Summary: Analysis and Evidence

Policies 1 and 2

**Description: Give local residents the power to instigate local referendums on any local issue and abolition of duty on councils to run a petitions scheme**

Costs and benefits for local authorities and council taxpayers

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -13	High: 24	Best Estimate: 6

COSTS (£m)	Total (Constant Price)	Transition Years	Average (excl. Transition)	Annual (Constant)	Total (Present Value)	Cost
Low	0		1		12	
High	0		6		49	
Best Estimate	0		4		30	

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

#### Local referendums

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:

- 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.
- Organising and conducting any resultant referendums.

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 2012-21 (in present value terms) of approximately £30m.

#### Petitions scheme abolition

The Government does not consider that there are any costs involved in repealing the petitions duty.

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

The Government does not envisage any substantial non-monetised costs to councils or local residents resulting from these policies.

BENEFITS (£m)	Total (Constant Price)	Transition Years	Average (excl. Transition)	Annual (Constant)	Total (Present Value)	Benefit
Low						
High						
Best Estimate	0		4.2		36	

**Description and scale of key monetised benefits by ‘main affected groups’**

**Local referendums**

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.

**Petitions scheme abolition**

There should be potential ongoing annual savings of £4.2m because principal local authorities will no longer have to comply with the petitions duty.

**Other key non-monetised benefits by ‘main affected groups’**

**Local referendums**

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:

(i) 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 & Matsusaka, 2004<sup>1</sup>).

(ii) 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>2</sup>). Research indicates that, in the US, their presence increases turnout by around 5 per cent though, in Europe, this relationship between initiatives and turnout has not yet been found (Qvortrup, 2007<sup>3</sup>).

**Key assumptions/sensitivities/risks**

**Discount rate** 3.5%

**Local referendums**

1. Councils will receive petitions calling for a referendum (i.e. local people will exercise their new power)
2. Some of those petitions will require the council to hold a referendum
3. Councils will choose to hold referendums at the same time as elections wherever possible to keep costs to a minimum. Details provided in the evidence section below.

**Petitions scheme abolition**

In the benefits estimates above, it is assumed that local authorities have already incurred the one-off expenses of the petitions duty and that the ongoing costs of the petitions duty will cease. It is of course up to local authorities whether they retain elements of the petitions scheme however they no longer have a duty to do so. It is likely that the functions they retain will be in the context of the new referendums policy (as described in the rest of this impact assessment).

<b>Impact on admin burden (AB) (£m):</b>			<b>Impact on policy cost savings</b>	<b>In scope</b>
<b>New AB:</b>	<b>AB savings:</b>	<b>Net:</b>	<b>Policy cost savings:</b>	<b>Yes/No</b>

<sup>1</sup> A. Lupia & J. Matsusaka (2004), *Direct Democracy: New Approaches to Old Questions*.

<sup>2</sup> C. Tolbert (2003), *Cycles of Democracy: Direct democracy and institutional realignment in the American states*. Political Science Quarterly, 118(3): 467-489.

<sup>3</sup> M. Qvortrup (2007), *Supply Side Politics. How Citizens' Initiatives could revitalise British politics*. London: Centre for Policy Studies.



## Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?		England			
From what date will the policy be implemented?		2011			
Which organisation(s) will enforce the policy?		N/A			
What is the annual change in enforcement cost (£m)?		N/A			
Does enforcement comply with Hampton principles?		Yes			
Does implementation go beyond minimum EU requirements?		N/A			
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)		Traded: N/A		Non-traded: N/A	
Does the proposal have an impact on competition?		No			
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?		Costs:		Benefits:	
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

### 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...?	<b>Impact</b>	<b>Page ref within IA</b>
<b>Statutory equality duties</b> <sup>4</sup> <a href="#">Statutory Equality Duties Impact Test guidance</a>	No	19
<b>Economic impacts</b>		
Competition <a href="#">Competition Assessment Impact Test guidance</a>	No	19
Small firms <a href="#">Small Firms Impact Test guidance</a>	No	19
<b>Environmental impacts</b>		
Greenhouse gas assessment	No	19
Wider environmental issues	No	19
<b>Social impacts</b>		
Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>	No	19
Human rights <a href="#">Human Rights Impact Test guidance</a>	No	19
Justice system <a href="#">Justice Impact Test guidance</a>	No	19
Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>	No	19
<b>Sustainable development</b> <a href="#">Sustainable Development Impact Test guidance</a>	No	19

<sup>4</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.

## Evidence Base (for summary sheets) – Notes

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

### References

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

No.	Legislation or publication
1	The Local Authorities (Conduct of Referendums) (England) Regulations 2007
2	Electoral Commission (2005), The 2004 North East regional assembly and local government referendums.
3	Tower Hamlets (2009), Extraordinary council meeting 2 December 2009, agenda item 4
4	Local Government Act 2003
5	Local Government Act 2000
6	Local Government Act 1972
7	Chapter 2, Part 1 of the Local Democracy, Economic Development and Construction Act 2009
8	The Local Authorities (Petitions) (England) Order 2010

+ Add another row

### Evidence Base

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

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

### Annual profile of monetised costs and benefits for policies 1 & 2 \* - (£m) constant prices

	Y <sub>0</sub>	Y <sub>1</sub>	Y <sub>2</sub>	Y <sub>3</sub>	Y <sub>4</sub>	Y <sub>5</sub>	Y <sub>6</sub>	Y <sub>7</sub>	Y <sub>8</sub>	Y <sub>9</sub>
<b>Transition costs</b>	0	0	0	0	0	0	0	0	0	0
<b>Annual recurring cost</b>	4.6	4.5	2.1	2.1	4.6	4.5	4.0	2.1	2.1	4.5
<b>Total annual costs</b>	4.6	4.5	2.1	2.1	4.6	4.5	4.0	2.1	2.1	4.5
<b>Transition benefits</b>	0	0	0	0	0	0	0	0	0	0
<b>Annual recurring benefits</b>	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
<b>Total annual benefits</b>	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2

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

# Evidence Base (for summary sheets)

## Background

### LOCAL REFERENDUMS

1. Local referendums are a form of direct democracy, giving residents a mechanism to make their views known on any local issue. Broadly speaking, the power to decide to hold local referendums currently sits with councils rather than local people. The Local Government Act 2003 gave principal councils (county, district and unitary councils) the power to hold advisory opinion polls on issues relating to their services or expenditure on those services, or on issues relating to their power to promote well-being in their areas. The decision on whether to hold a poll, who is to be polled, and when and how the poll is to be held is entirely in the hands of the council and the results of any poll held under this power are not binding on the council. Examples include:
  - The 2007 referendum run by Dartford Borough Council on frequency of bin collections, where respondents overwhelmingly chose weekly collections and the council maintained this service<sup>5</sup>.
  - The 2008 referendum run by the Association of Greater Manchester Authorities which rejected proposals for a peak time congestion charge<sup>6</sup>.
2. There are currently two exceptions to this general rule:
  - Local electors can trigger referendums, under the Local Government Act 2000, on changes to the governance arrangements for their council – in particular on whether to have an elected mayor for their principal council area<sup>7</sup>. A referendum can be triggered by submitting a petition to the council with the signatures of at least 5 per cent of local government electors for that area. On receiving petitions that meet the threshold and other statutory criteria set out in regulations, principal councils must hold a referendum on the change requested and the result of the referendum is binding on the council (i.e. if the referendum is in favour of change, the change must be made). Since the introduction of this power there have been 37 referendums in principal councils in England on whether to have an elected mayor following a petition from local people.
  - Local electors in parishes have long enjoyed the power to demand a parish poll on local issues. The Local Government Act 1972 provides for local people to trigger a parish poll – in effect a form of local referendum – at the parish meeting<sup>8</sup>. If the requisite threshold in support of a parish poll is met, then a poll must be held in accordance with rules set out in secondary legislation - although unlike the mayoral referendums mentioned above, the results are not binding upon the council. Although evidence on extent of use of this provision is limited, hundreds of parish polls have been held over the years and the parish poll mechanism is seen as an important exercise of direct democracy.

### PETITIONING

3. Survey evidence suggests that almost one-fifth of adults in England (18 per cent) have signed a petition in the last 12 months<sup>9</sup>. Petitions could have related to numerous spatial levels and lodged with a range of bodies including central government, so this evidence

---

<sup>5</sup> <http://www.dartford.gov.uk/bigbinvote/>

<sup>6</sup> Greater Manchester Authorities Transport Innovation Fund Referendum held in December 2008

<sup>7</sup> Section 34, Local Government Act 2000.

<sup>8</sup> Schedule 12, Local Government Act 1972

<sup>9</sup> 2009-10 Citizenship Survey, respondents aged 16 and over in England

does not apply directly to public petitioning of councils, but gives an indication of general prevalence.

4. Since 15 June 2010, all principal councils have been under a duty to establish a scheme for handling petitions made to the authority, and with which the authority must then comply<sup>10</sup>. This scheme must be approved by a meeting of the full council before it comes into force, must be published on the authority's website and by any other method appropriate. The duty to have a petitions scheme which meets centrally prescribed requirements is unnecessarily bureaucratic for local authorities.
5. Legislation<sup>11</sup> sets out the minimum requirements that must be included in any petitions scheme. Principal councils must therefore ensure that:
  - anyone who lives, works or studies in the local authority area, including under 18's, can sign or organise a petition and trigger a response from the council
  - they provide a facility for making electronic petitions
  - they acknowledge petitions within a set time period (set by the local authority)
  - petitions with a requisite level of support, set by the local authority, trigger a senior local government officer to give evidence at a meeting of the authority's overview and scrutiny committee and
  - petition organisers can prompt a review of the local authority's response if the response is felt to be inadequate
6. Furthermore, legislation requires that amongst the many possible steps that the council may take in response to a petition the following steps must be included amongst the options listed in the council's scheme:
  - taking the action requested in the petition
  - considering the petition at a meeting of the authority
  - holding an inquiry
  - holding a public meeting
  - commissioning research
  - a written response to the petition organiser setting out the authority's views on the request in the petition
  - referring the petition to an overview and scrutiny committee
  - petitions with a significant level of support trigger a debate of the full council - councils will determine this threshold locally but it must be no higher than 5 per cent of the local population

## **Policy objective**

7. The policy to give residents the power to instigate local referendums on any local issue was set out in the Coalition Agreement, *The Coalition: our programme for government*. It is part of the Government's commitment to deliver localism by passing power from central government to local authorities, communities and individuals. Extending such a power to local people will give them greater influence over decision making on issues that are important to them locally, which in turn could lead to greater engagement with local decision taking procedures and thereby helping to make localism and the Big Society part of everyday life and lead to greater local accountability.
8. At the same time, whilst the Government appreciates the many attractions of such forms of direct democracy, this policy does not seek to undermine the responsibilities of councils and elected councillors or duplicate their role. Councillors are accountable to their electors and it is their role to take decisions by balancing the various views of citizens – especially where there

---

<sup>10</sup> With the exception of the requirement to provide a facility for receiving e-petitions which comes into effect on 15 December 2010

<sup>11</sup> Local Democracy, Economic Development and Construction Act 2009

is no consensus – and considering any significant cost implications of any requested action. The Government therefore does not want to replace the current system of representative democracy where elected representatives take decisions having regard to the full range of competing views and interests. The Government does however want to ensure that local people have powers to make their views known to decision takers on important local issues, and that those views will be taken into account. The Government also intends to take the opportunity to review and reform the provisions in the Local Government Act 1972 on parish polls to bring them up to date, whilst retaining this important element of direct democracy

9. In introducing this new power for local people to trigger a referendum, the Government also wishes to remove the current central prescription on how councils handle petitions as part of its commitment to freeing councils from unnecessary central control.
10. The Local Government Association has expressed strong concerns over the level of prescription required under the petitions duty and has advised Government that it is one of the top five burdens that should be removed to “*achieve cost savings with little or no impact on front line services*”. Equally, there is limited anecdotal evidence through day-to-day telephone and correspondence contact with local authorities that this duty replaced good, existing schemes in many local authorities – for example, replacing one paragraph in an authority’s constitution with documentation several pages long.
11. In conferring the new power on local people in relation to referendums, the Government therefore considers that the existing bureaucratic petitions legislation can be reformed and streamlined. On introduction of the new power for residents to trigger referendums, the Government will abolish the overly bureaucratic petitions duties on principal councils. Lifting this nationally imposed system will enable authorities to deal with petitions received in a way which is appropriate for local conditions.

### **Description of options considered**

12. **Option 1 – Do nothing:** leaving the power to initiate local referendums in the hands of principal councils. Local people would not have the ability to trigger referendums unless legislation expressly provided for this on particular issues (such as elected mayors at paragraph 2 above for example). Councils would also remain subject to the prescriptive duty in relation to responding to petitions received from local people, rather than having flexibility about how best to deal with issues raised by local people. This would not achieve the policy objectives while continuing to impose ineffective and bureaucratic requirements on councils.
13. **Option 2 – Legislate for a mechanism for electors to instigate binding local referendums and abolish wider petitions duty:** this option would not achieve the policy objective on local referendums which is to give residents a means of influence and not of control or decision taking. It would make the result of any referendum held binding on the relevant council or public authority. Implementing such a regime of binding referendums for any local issue would however, run counter to the principle of representative democracy and would override the role of local representatives who are elected to take decisions that balance various local needs and interests, especially where there is no consensus. The potential scope and complex impacts of such binding referendums on local service delivery and finances make this option both impractical and undesirable. Whilst the policy objective on petitions would be achieved as councils would be free from the burden to set up and maintain a scheme for responding to all petitions in a way which meets centrally prescribed requirements, it would not achieve the policy objective on local referendums. This is not therefore a preferred option.
14. **Option 3 - Legislate for a mechanism for electors to instigate non-binding local referendums and abolish wider petitions duty:** this option would also achieve the policy

objectives but in doing so, it does not duplicate the role of elected representatives or override the principle of representative democracy. A non-binding local referendums regime gives residents a mechanism to make their views known and influence decision making on matters that are important to them by requiring decision takers to have regard to the outcome. This option passes power down to individuals and communities, but also gives councils and other local decision taking bodies the flexibility to take decisions taking the full range of local circumstances into account in doing so. The duty on local authorities to have petitions schemes in line with centrally prescribed requirements would be removed to give councils flexibility to decide how best to deal with issues raised by local people (but on which they are not calling for a referendum). This is the preferred option as it empowers citizens whilst retaining flexibility at local level and without replacing or duplicating the role that elected representatives play in taking decisions.

## Legislation

15. The Government intends to introduce legislation in the Localism Bill to give residents the power to instigate local referendums on any local issue. The key elements of the regime will be as follows:
- (a) Local people will be able to trigger a referendum by submitting a valid petition to the council calling for one.
  - (b) To be valid, the petition will need to state the area for which the referendum will be held and be signed by at least 5 per cent of local electors in that area. This threshold will help to ensure that local referendums are held on significant issues of importance to the community. The 5 per cent signature threshold also follows the established precedent for petitions to trigger a mayoral referendum and which has been in place for the last decade. Five per cent will be the initial default threshold set in legislation although there will be a power to vary this figure (either upwards or downwards) in regulations if the Government considers it appropriate. Councils will also be free to set a lower threshold for petitions to trigger local referendums in their area if they wish to do so. The petition will also need to state the issue on which the referendum is to be held and propose the question to be put at the referendum.
  - (c) Before proceeding to organise a referendum, the council must also be satisfied that the subject matter constitutes a local issue and is not vexatious, abusive or otherwise inappropriate or contrary to the law. This will provide protection against the potential for the powers to be used to pursue personal complaints against individuals for example, and ensure that local referendums remain focussed on issues of local importance and relevance.
  - (d) Once satisfied on the points at b and c above, the council must make arrangements for a referendum to be held. The precise timing of the referendum will be left to councils to decide. This will mean that councils may choose to hold the referendum alongside other elections or polls in order to minimise costs where appropriate. Councils will not however be able to delay the referendum beyond 12 months.
  - (e) Local referendums held under these provisions will poll local government electors. That is, those persons registered to vote in the local government elections for the area over which the referendum is to be held will also be able to vote in a referendum triggered under this scheme. There will be no minimum turnout in referendums.
  - (f) The result of a referendum held under this scheme will be advisory. However local public bodies will be required to have regard to the results in taking decisions on the issue.
  - (g) The Government also intends to empower councillors to call for a local referendum on behalf of their constituents. Where they do so, the full council will have discretion over

whether to accept that call and organise a referendum, or reject it. A referendum may also be held if the majority of councillors on the council call for one.

- (h) The existing mechanism for parish polls will be retained and modernised to update the current restrictive and outdated rules on how a poll may be demanded, and the conduct of parish polls.
- (i) As part of this policy, the petitions legislation, which requires authorities to have a petitions scheme in line with centrally prescribed requirements will be abolished. This means that authorities will be able to deal with petitions as is appropriate to the local circumstances.

### **Costs and benefits**

16. The abolition of the current petitions duty will reduce existing bureaucratic burdens and introducing the provision to instigate referendums could generate significant non-monetised benefits through greater local representation and citizen engagement in direct democracy. Running referendums will result in costs to councils relating to checking the validity of petitions and organising and conducting any resultant referendums.

### **HEADLINE ASSUMPTIONS – LOCAL REFERENDUMS**

17. The costs to councils of local referendums are difficult to estimate reliably as they are dependent on a range of uncertain variables including in particular the extent to which the public will use the new provision and raise valid petitions. The frequency, timing, geographical coverage and subject matter of local referendums will also affect the overall cost of their undertaking. For example, local referendums could cover neighbourhoods, wards, local authorities, or issues cutting across council boundaries such as bridges or Greater London matters. It is unlikely therefore that two local referendums in England will cost exactly the same amount.
18. In order to fulfil their responsibilities to check the validity of petitions calling for a local referendum, councils will need to undertake the following relatively routine and straightforward checks:
- Count and check names given in the petition against the electoral register to ensure they correspond with local electors for the area concerned in order to ensure that local issues are being raised by local people. This would involve collaboration with officials in other councils where the issue crosses council boundaries.
  - Confirm that the question constitutes a local issue and is not vexatious, abusive or otherwise inappropriate or contrary to the law. This may require legal assistance.
19. For the purpose of estimating the cost to local authorities of organising and conducting local referendums, the following simplifying assumptions are made.
- (1) Local authorities, where they receive more than one valid petition, will combine all local referendums instigated within 12 months of each other to take place at the same time.*
20. The policy will require local authorities to hold any referendums instigated by valid petition within 12 months of receipt of the petition being submitted. Local authorities will incur costs of organising and conducting referendums, and it is therefore assumed that in order to minimise these costs local authorities will choose to combine all local referendums instigated within 12 months of each other to take place at the same time.
- (2) Where able to, local authorities will combine referendums with planned elections.*
21. Evidence suggests that the cost of holding a local referendum is likely to be lower when combined with existing elections. It is assumed that in order to minimise costs local

authorities will, where able to, combine their annual 'referendums day' with a planned local, general or European election. As part of this assumption, local authorities without electoral responsibilities (i.e. non-unitary county councils and parish and town councils) will combine referendums with their relevant district councils' elections.

22. If councils decide not to hold referendums alongside elections, costs would depend on the mode used (e.g. postal), the administrative approach and frequency. Evidence from the North East regional referendum (see below) suggests *postal* costs would be broadly similar to those of holding referendums alongside elections, although this could vary across authorities. Costs and practicalities (including ensuring only relevant local electors vote and encouraging good participation levels across all groups of residents) of using *electronic* methods to hold referendums have not been assessed.

*(3) Where referendums cross local authority boundaries, the respective local authorities will each hold a referendum on the question to cover the relevant population.*

23. This assumes that electoral register information is held within local authorities so neighbouring authorities would be unable to check petition names outside of their boundaries. It is possible that collaborations between local authorities to seek efficient and effective ways to handle cross-boundary local referendums would develop.

*(4) Implementation costs and benefits arising from referendum outcomes are not accounted for.*

24. Since local referendums will not be binding and the local issues covered are impossible to predict, the costs associated with implementing specific decisions arising from positive referendums cannot be accounted for in this impact assessment. This impact assessment relates solely to the costs and benefits of introducing a provision for local referendums, rather than the outcomes of those referendums.

## **HEADLINE ASSUMPTIONS – REMOVAL OF THE PETITIONS DUTY**

25. It is assumed that local authorities have already incurred the one-off expenses of the petitions duty and that the ongoing costs of the petitions duty will cease. It is of course up to local authorities whether they retain elements of the petitions scheme however they no longer have a duty to do so. It is likely that the functions they retain will be in the context of the new referendums policy (as described in the rest of this impact assessment).

### ***Estimated costs***

#### ***Checking the validity of petitions calling for a local referendum***

26. Indicative cost estimates have been derived for the two main administrative costs likely to arise for local authorities relating to checking petitions calling for a local referendum.

27. Firstly, since validity is determined by local electors, names on a petition will need to be counted to ensure the petition has reached the 5 per cent threshold<sup>12</sup> and checked to ensure they correspond with local electors for the area concerned in order to ensure that the local issues are being raised by local people. This requirement was not stipulated in guidance relating to the existing petitions scheme which covers anyone who lives, works or studies in the area<sup>13</sup>. Applying our indicative estimates below about potential incidence of valid

---

<sup>12</sup> Counting of names will be simple where petitions are submitted in a numbered table or similar electronic format, although basic checks (for example for duplicates) may need to be made. Checking of names against the local electoral roll represents the bulk of the estimates used here.

<sup>13</sup> See page 11 of <http://www.communities.gov.uk/publications/communities/dutyrespondpetitionguidance>



petitions<sup>14</sup>, our high estimate of costs to local authorities for clerical resource to count and check petition names of 5 per cent of their electors against the electoral register is £0.2m p.a.<sup>15</sup>; our low estimate is £0.03m p.a, and our mid-point best estimate is £0.11m.

28. Secondly, councils will need to check that the issue is local and not vexatious, including to avoid legal disputes arising. They may also need to handle multiple petitions or petitions which are found not to be fully valid, for example communicating with petitioners. Without a directly transferable UK precedent, it is difficult to estimate the likely resource implications. If we assume one day of a junior manager's time each year per local authority, total costs would be £97,000 p.a. (see footnote<sup>16</sup>). If we assume one day of a council lawyer's time each year per local authority, total costs would be £185,064 p.a. (see footnote<sup>17</sup>). Councils may require a lesser or greater amount of junior managers and lawyers' time depending on the complexity of local issues raised in valid petitions.

29. Adding our best estimate for checking petition names and the potential costs of junior managers and council lawyers gives an estimate of approximately £0.4m p.a. Over the period 2012-21, our best estimate of total costs to local authorities (in present value terms) for validity checks would be £3.4m.

### *Councils considering local referendums proposed by councillors*

30. Where councillors call for a local referendum on behalf of their constituents, the full council will have discretion over whether to accept that and organise a referendum or reject it. There are unlikely to be significant resource implications in coming to this decision. Since suitable decision-making arrangements are for councils to determine locally, these costs have not been assessed in this impact assessment.

### *Organising and conducting local referendums*

#### *a) Average administration costs*

31. Estimated costs for a postal referendum held in 2005 on the establishment of an all-elected regional assembly in the North East of England was between £78,300 for a lower tier authority and £250,500 for a unitary authority (including metropolitan counties) inflated to 2010 prices. The costs of this process are reported in Electoral Commission (2005)<sup>18</sup>, p. 50. The costs include fixed costs such as staff training, but also some costs which may vary according to population size and the size of the local area such as counting officer fees and ballot papers.

<sup>14</sup> Annex 2 estimates that the range of valid petitions raised will be from a low of 3 per cent to a high of 17 per cent with a best estimate of 10 per cent, whilst recognising the uncertainty about the accuracy of this estimate due to the shortage of reliable and transferable evidence.

<sup>15</sup> There were a total of 39,086,135 registered electors in England at 1st December 2009 (Office for National Statistics electoral statistics <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=319>). If every council had to check the name of 5% of its electors, this would comprise checking 1,954,307 names across England. In 2008, a petition for a mayoral election in Bury required the checking of 8,000 signatures; this required 2 months clerical resource which represents approximately 26 signatures per hour on average. At this rate, it would take 75,166 hours of checking for 5% of electors in England. Based on an average clerical hourly wage of £15.21, the annual cost across England would be £1,143,269. The figure £15.21 comes from the Office for National Statistics Annual Survey of Hours and Earnings and may be more representative of the cost of employing low-skilled administrative staff. It uses the bottom decile of wage rates for General Office Assistance and Clerks. It follows the Office for National Statistics suggested uprate of 1.3% for NI and pensions and 1.8% for overheads. It breaks down into a wage rate of £6.50 per hour, NI/Pensions/Social Security costs etc £1.95, and Overheads of £6.76.

<sup>16</sup> Average hourly wage of junior manager = £37.18 multiplied by 8 hours then by 326 local authorities with electoral responsibilities = £96,965.

<sup>17</sup> Average hourly wage of senior manager (lawyer considered an equivalent grade) = £70.96 multiplied by 8 hours then by 326 local authorities with electoral responsibilities = £185,064.

<sup>18</sup> Electoral Commission (2005), The 2004 North East regional assembly and local government referendums. Based on 6 unitary authorities and 13 lower tier authorities existing in the North East in 2005.

32. The London Borough of Tower Hamlets recently estimated that the cost of holding a stand-alone mayoral referendum is up to £250,000 and a combined referendum with the council's elections was estimated at an additional cost of approximately £70,000.<sup>19</sup> A number of non-binding referendums on council tax have been held (by phone, post and internet), and can offer some guide to potential costs. A referendum on council tax in Milton Keynes in 1999 cost around £70,000 and referendums in 2001 cost £150,000 to £200,000 in Croydon and £120,000 in Bristol<sup>20</sup>.
33. Ranges of administration cost estimates could also be derived on a per elector basis. However, as costs will fall to local authorities, it is considered on balance simpler to estimate authority level costs. Given assumption (2) that councils will where possible combine referendums with elections, we have applied the Tower Hamlets estimates of an additional £70,000 cost to local authorities where held with an election and £250,000 when held as stand-alone. Since costs are likely to vary according to number of local government electors within an authority, estimated costs for each type of local authority<sup>21</sup> have been weighted to reflect the number of local government electors in those areas. This weighting procedure is explained within Annex 2.
34. Costs will vary widely depending on variables which are difficult to estimate (given the absence of UK comparators) including the size of the area concerned and the number of local authorities that will be required to hold a referendum(s) in each year. Reliable data on the administrative cost of parish polls is not forthcoming.

*b) Estimated incidence*

35. The proposal to enable citizens to instigate a local referendum via a valid petition signed by 5 per cent of local electors would be unprecedented in England to the extent that it would enable a referendum to be triggered on *any* local issue. For this reason it is unclear how many referendums are likely to be held as a result of the policy.
36. Local authorities are currently required to hold a referendum on the option of an elected mayor if they receive a petition containing more than 5 per cent of local electors' signatures calling for an elected mayor. While petitions have led to only 12 mayoral referendums in England since the introduction of the Local Government Act 2000, the local referendums policy is much broader in potential scope (i.e. any valid local issue) so behavioural responses among citizens in instigating referendums are difficult to predict. Interestingly, some local authorities have decided to hold a mayoral referendum even though a petition did not meet the 5 per cent threshold.
37. Since 15 June 2010, local authorities have been required to acknowledge and respond to petitions they receive on any local issue, and petitions containing signatures above a certain threshold (determined locally, but not to exceed 5 per cent of the local population) automatically trigger a debate of the full council. However, the short time in which this duty has been in force makes it difficult to assess the incidence of petitions under these arrangements and there is limited evidence on the number of petitions local authorities receive, particularly on those which meet the 5 per cent threshold. Similarly, evidence on the number of petitions which have led to parish polls is not available and petitions to Parliament and other national bodies are inappropriate in scope.

<sup>19</sup> Tower Hamlets (2009), Extraordinary council meeting 2 December 2009, agenda item 4, paragraph 14 [http://moderngov.towerhamlets.gov.uk/Published/C00000309/M00002969/\\$\\$ADocPackPublic.pdf](http://moderngov.towerhamlets.gov.uk/Published/C00000309/M00002969/$$ADocPackPublic.pdf)

<sup>20</sup> DCLG (2010), *Local referendums to veto excessive Council Tax increases – consultation*

<sup>21</sup> Unitary county councils, London Boroughs, Metropolitan Districts, Shire Districts, Single Tier Districts, Isles of Scilly and City of London. Using Office for National Statistics numbers of local government electors at December 2009.

38. Petitions can act as a trigger leading to electoral action such as referendums or initiatives in a number of countries including Scotland, Switzerland, Italy, USA, and Canada. However, there are significant differences in the criteria applying in these cases (such as validity thresholds, spatial level (national, regional, local, etc.), whether results are binding, and extent of local authority discretion) which reduce reliable transferability to the local referendums provision. For example:
- In New Zealand, only three Citizen Initiated Referendums were held between 1993 and 2008 following petitions, but a much tougher 10 per cent of electors threshold was required;
  - In Italy, petitions can be initiated for referendums but only to repeal or vote on revisions to the constitution; furthermore, a minimum 50 per cent turnout in referendums is required;
  - In the USA, more than 20 states operate citizens' initiative mechanisms but these tend (for example in California) to involve binding referendums relating to legislation or recall. In 2004, \$400m was spent on initiatives and resulting ballots in the USA<sup>22</sup>;
  - In Canada, petitions to force province-wide referendums require 10 per cent of registered voters;
  - In Scotland, petitions have no minimum threshold of signatures and are generally taken forward by committee inquiry or other non-referendum forms.
39. Estimating whether the number of valid petitions will increase or decrease over time is difficult also. Interest in and incidence of valid petitions may grow over time if (as intended by localism policies) the public become much more involved in shaping their communities and effectiveness is demonstrated by councils responding positively to results. Initial publicity and awareness raising could bolster this. It is also possible within the current fiscal context that decisions about resource prioritisation and service provision may mobilise citizens to petition their local authority. On the other hand, qualitative research for DCLG found that, while participants felt that petitions were a good method for bringing issues to the attention of local government, they were sceptical about local government's ability or willingness to act on or be responsive to petitions<sup>23</sup>. Should petitions manage to achieve rapid success in the early stages following the policy's implementation, in terms of successfully addressing the main priorities and concerns of local citizens, it is also possible that the incidence of petitions could fall over time. Morris notes that in New Zealand, after an initially enthusiastic response amongst the public, the use of and interest in Citizens' Initiatives 'waned considerably'<sup>24</sup>. A similar pattern is observed for the use of petitions to instigate mayoral referendums in England.<sup>25</sup>
40. Given the difficulty in estimating the incidence of valid petitions over time, the range of cost estimates as set out below all assume incidence to be flat during the ten year period following the policy's implementation. If referendums become a popular way for citizens to enacting change regularly, then this assumption is likely to underestimate the incidence of referendums; conversely, if for any of the aforementioned reasons the use of petitions declines over time, then this assumption is likely to overestimate the incidence of referendums.

### c) Indicative cost estimates

<sup>22</sup> *What is the verdict on local referendums?*, New Local Government Network, 2009, p.15.

<sup>23</sup> Taylor and Williams (ODPM, 2006) *Perceptions of local government in England: Key findings from qualitative research*

<sup>24</sup> Morris C, Improving our democracy or a fraud on the community? A closer look at New Zealand's Citizens' Initiated Referenda Act 1993, in *Statute Law Review* 25(2), p.116-135, cited in Maer, L (2008), 'Citizens' Initiatives' (House of Commons Library)

<sup>25</sup> Presently, a referendum concerning whether a local authority in England should have an elected mayor can be triggered by a petition containing at least 5 per cent of local electors' signatures. During the two years following the policy's implementation in 2000, there were at least seven mayoral referendums triggered by local petitions; during the subsequent eight-year period, there were only five such instances.

41. There does not appear to be directly comparable evidence indicating likely incidence of valid petitions leading to referendums under the new provision. Therefore we have used the proportion of local authorities that have been required to hold a mayoral referendum as a result of a valid local petition as a basis with which to guide our assumptions regarding to the likely incidence of referendums under the new provision (details underpinning this are at Annex 2). This has produced an indicative range of estimates of the cost to local authorities of organising and conducting local referendums, acknowledging the high degree of uncertainty around anticipated incidence, based on potential scenarios that incorporate the assumptions set out above, ranging from 3 per cent of local authorities per annum holding referendums (low estimate) to 17 per cent per annum (high estimate).
42. A low estimate of the total cost to local authorities of organising and conducting local referendums is approximately £900,000 per year, or £8m over a period of 10 years from 2012 onwards.<sup>26</sup> This estimate assumes that around 3 per cent of local authorities per year are required to hold local referendums.
43. A high estimate of the total cost to local authorities of organising and conducting local referendums is approximately £5m per year, or £46m over a period of 10 years from 2012 onwards. This estimate assumes that around 17 per cent of local authorities per year are required to hold local referendums.
44. Our best estimate given the unknown parameters is an approximate mid-point between the low and high estimates, i.e. total costs to local authorities of organising and conduct local referendums would be the equivalent of referendums being held in 10 per cent of all local authorities in each year, that is approximately £3m per year, or £27m over the 10 year period from 2012 onwards.
45. The policy may of course prove to be highly popular and lead to widespread behavioural change whereby the public regularly raise valid petitions on local issues that matter to them across the country. If we were to assume that every local authority in England was required to hold a referendum every year from 2012 (with referendums arising from any valid petitions raised in 2011 held in 2012), an upper end estimate of the total cost to local authorities of organising and conducting local referendums would be approximately £269m over the 10 year period from 2012 onwards. Details underpinning this estimate are at Annex 2. This is however probably a high estimate because it is likely that many authorities will *not* have to hold referendums in particular years and referendums that are held may only cover areas smaller than the local authority, e.g. ward level<sup>27</sup>.

#### *Total estimated costs for local referendums*

46. Combining the best estimate costs for checking validity (£3.4m) and administering local referendums (£27m), gives an overall best estimate of the total costs to local authorities for local referendums of approximately £3.5m per year, or £30m (in present value terms) over the 10 year period from 2012 onwards.
47. In terms of non-monetised costs, a concern in some literature is the notion of ‘majority tyranny’ and the potential that referendums favour the majority at the cost of (potentially vulnerable) minority groups. However, on this issue there is not consensus. Tolbert & Smith

<sup>26</sup> Present value terms. 10 year-costs are stated in present value terms throughout the remainder of this section.

<sup>27</sup> Individual local authorities may receive multiple valid petitions in particular years, for example where there a number of local issues of concern and citizens become accustomed to using the power increasingly. Therefore, while assumption (1) states multiple referendums will be conducted at the same time to minimise costs, costs could in effect be higher where referendums incorporate questions covering a number of different spatial levels, each with different compositions of electors and resource implications (e.g. complexity of polling across a variety of spatial levels).

(2006<sup>28</sup>) conclude, in their analysis of US initiatives, that the issue is “far from settled”. There is a range of evidence that minority interests were rarely harmed though other studies which conclude the opposite. As NLGN (2009<sup>29</sup>, p.25) point out “*whilst there is no universal consensus, it is reasonable to argue that there is potential for minority interests to be suppressed via the use of local referendums*”.

### *Removal of the petitions duty*

48. There are no costs in repealing the petitions duty.

### **Estimated benefits**

#### *Local referendums*

49. Powers to enable citizen-initiated local referendums reflect a desire to: increase citizen engagement and participation in local decision making, promote greater responsiveness in local decisions and devolve power more locally. While we are unaware of research or analysis which can quantify reliably the benefits of such engagement, non-monetised benefits of direct democracy have been identified in the academic literature - particularly drawing upon overseas examples (such as the USA, New Zealand or Switzerland) which have a history of enabling referendums (or 'citizens' initiatives' as they are often termed).
50. There is much discussion of the wider (spillover) democratic benefits - though evidence is more scarce and caution is needed in translating findings from overseas given significant differences in policy parameters, lengthy histories of direct democracy in some countries, and political context. Qvortrup (2007<sup>30</sup>) states that referendums, of themselves, will not automatically result in a significant change to representative democracy. There are "two worlds" of direct democracy (Butler & Ranney, 1978<sup>31</sup>) in which they are prominent features of political life in some countries (e.g. Switzerland), and rarely used in others.
51. An overview of direct democracy in the US (Tolbert & Smith, 2006<sup>32</sup>) assembles evidence that those states with the initiative/referendum model have policy outcomes more in line with public opinion than those without local referendums, and that states with initiatives/referendums are more likely to adopt policies near the preference of the median voter. Tolbert & Smith (ibid) also collate a wide range of evidence regarding the ways in which policy decisions in initiative-states differ from those without the model, notably in respect of: election reforms, taxation, spending decisions and legislator powers. Furthermore, surveys in Europe and the US reveal high levels of public support for initiatives /referendums as mechanisms of direct democracy (Lupia & Matsusaka, 2004<sup>33</sup>).
52. There is also evidence that initiatives/referendums have a wider educative effect in terms of increasing the likelihood of citizens voting (Tolbert, 2003<sup>34</sup>). Research indicates that, in the US, their presence increases turnout in low-profile mid-term elections (Smith, 2001<sup>35</sup>; Lacey,

---

<sup>28</sup> C. Tolbert & D. Smith (2006). Representation and Direct Democracy in the United States, *Representation*, 42(1): 25-44.

<sup>29</sup> New Local Government Network (2009), *What is the verdict on local referendums?*

<sup>30</sup> M. Qvortrup (2007). *Supply Side Politics. How Citizens' Initiatives could revitalise British politics*. London: Centre for Policy Studies.

<sup>31</sup> D. Butler & A. Ranney (1978). 'Summing Up' in D. Butler & A. Ranney (eds.) *Referendums: a study of practice and theory*. American Enterprise Institute.

<sup>32</sup> C. Tolbert & D. Smith (2006). Representation and Direct Democracy in the United States, *Representation*, 42(1): 25-44.

<sup>33</sup> A. Lupia & J. Matsusaka (2004). *Direct Democracy: New Approaches to Old Questions*.

<sup>34</sup> C. Tolbert (2003). Cycles of democracy: Direct democracy and institutional realignment in the American states, *Political Science Quarterly*, 118(3): 467-489.

<sup>35</sup> M. Smith (2001). The contingent effects of ballot initiatives and candidate races on turnout. *American Journal of Political Science*, 45: 700-706.

2005<sup>36</sup>; Tolbert et al, 2001<sup>37</sup>) as well as in higher-profile presidential elections, (Tolbert & Smith, 2005<sup>38</sup>), by around 5 per cent, though the level of increase is contested and reflects the saliency of the referendum in terms of its profile. Research in Switzerland finds citizens allowed to vote in referendums have higher levels of participation (Lassen, 2005<sup>39</sup>), though in other European countries a positive relationship between initiatives and turnout has not been found (Qvortrup, 2007).

### *Removal of the petitions duty*

53. Local authorities will be able to make savings through no longer needing to comply with the current regime. The costs of the petitions duty (and hence the potential savings that may be realised when it is repealed) were estimated as part of a New Burdens Assessment. The table below summarises how this cost was derived. Many of these are 2006 estimates from a petitions scheme (Councillor Call for Action) run by a local authority. The scheme received 175 petitions in one year. The costs of the scheme were used to derive some of the “per head of population” estimates.

<b>Section</b>	<b>Requirement</b>	<b>Cost</b>	<b>Source</b>
10	Providing an e-petitions facility (set-up)	£1,500 per authority, so £525,000 (rounded)	International Centre of Excellence in Local E-democracy
10	Providing an e-petitions facility (ongoing)	£500 maintenance per annum per authority, so £175,000 (rounded)	International Centre of Excellence in Local E-democracy
10	Total costs of e-petitions	£706,000 (353 authorities) - this was rounded to £1m in the New Burdens Assessment to allow for contingency, and for developments to the petitions policy since the original information was provided.	Sum of set-up and ongoing costs of e-petitions
11	Creating and approving a petitions scheme	£170 per local authority, so £60,010 nationally	Fixed costs estimated based on staff time (5 hours staff time based on uprated costs of £34 per hour)
12&13	Cost of operating a scheme to respond to petition relating to an authority's function	0.02 per head of local population rounded to £1,050,000 nationally	Based on (1) costs for 1 authority to operate a Councillor Call for Action translated into costs per head (2) estimates from 5 other authorities suggesting that county councils receive 40% more petitions than district councils, such that costs are distributed 60% - 40% between the two.

<sup>36</sup> R. Lacey (2005). The electoral allure of direct democracy: the effect of initiative salience on voting, 1990-1996. *State Politics and Policy Quarterly*, 5(2): 168-181.

<sup>37</sup> C. Tolbert, J. Grummel & D. Smith (2001). The effects of ballot initiatives on voter turnout in the American states, *American Politics Research*, 29: 625-648.

<sup>38</sup> C. Tolbert & D. Smith (2005). The educative effects of ballot initiatives on voter turnout, *American Politics Research*, 33: 283-309.

<sup>39</sup> D. Lassen (2005). The effect of information on voter turnout: Evidence from a natural experiment, *American Journal of Political Science*, 49. As cited in Tolbert & Smith (2006) op cit.

14	Cost of operating a scheme to respond to petition relating to Local Area Agreement targets and functions outside the local authority	0.01 per head of local population rounded to £525,000 nationally.	Figure is an additional 50% of that calculated for the duty to have a local scheme taking into account the additional petitions likely to be received and the extra resource required to act as community advocate.
15	Requirement to hold a full council debate for petitions which meet a set threshold	£0.0024 per head of local population, so £120,810 nationally	Assumption that if all petitions were debated this would trigger 12 extra meetings a year, each of which would cost £6610 (from the estimated cost of a complex Councillor Call for Action enquiry), so £79,320; in the sample authority this equates to £0.08 per head of the population, or £4,027m nationally. We then assume that about 3% of petitions would achieve the threshold of signatures, giving a national cost of £120,810.
16	Requirement to call officers to account (senior officers giving evidence to overview and scrutiny committee)	£0.003 per head of local population, or £152,289 nationally	A complex Councillor Call for Action enquiry is estimated to cost £6610, encompassing 6 hours of meetings in total. If 5% of the sample local authority's petitions (5% of 175, so 9 petitions per year) would call for an officer to be held to account, and assuming that the officer is given 20 minutes' time to give evidence for each, the total cost is £3306 per year or £0.003 per head.
17	Petitions reviews	£0.01 for reviews + £0.0019 for review debates per head of the local population, so £604,129 overall	Based on assumption that an appeal is lodged for 60% of petitions, each of which is allocated 5 minutes' discussion. Using the sample local authority this leads to 9 hours of committee time; costed using the Councillor Call for Action enquiry costs this amounts to £9915 or £0.01 per head of the population. It is assumed that for 5% of petitions (9 petitions in the sample authority) the appeals are withheld. Assume each requires 2 hours officer's time at £34 p.h. + 10 minutes' council time at £7 ph for each of the local authority's 120 councillors. In total this is

			£1872 or £0.0019 per head.
	Assume ongoing number of petitions will increase by 50% due to policy (hence uprate costs of sections 12-17 by 50%)	£1,200,058	
	Total set-up and ongoing costs	£4,712,296	
	Total ongoing costs that can be foregone	£4,187,000 (round to £4.2m)	Total costs minus costs of setting up an e-petitions scheme minus costs of creating and approving a petitions scheme (assume already incurred)

54. It is likely that the one-off/set-up costs have already been incurred and hence were not included in the monetised saving of this policy. As a result, the potential savings that can be made by abolishing the petitions duty are £4.2m ongoing annual savings. Local authorities will benefit from these savings in the first year, as a New Burdens allocation has been committed, to cover the months of the year for which the duty will be in force; thereafter (i.e. after the current spending review), local authority funding allocations will be revisited and hence it is possible that these savings will benefit the Exchequer.

55. It is of course up to the local authorities whether they retain elements of the petitions scheme as specified above; however they no longer have a duty to do so. It is likely that the functions they retain will be in the context of the new referendums policy (as described in the rest of this impact assessment).

### Specific impact tests

56. The potential impact of this policy on the following areas has been considered in line with the relevant guidance with the following conclusions:

- Statutory equality duties - An equality impact assessment screening has been undertaken with the assessment that there would not be an impact.
- Competition - The potential impact on competition has been considered with the assessment that there would not be an impact.
- Small firms - The potential impact on small firms has been considered with the assessment that there would not be an impact.
- Greenhouse gas assessment - The potential impact on greenhouse gas has been considered with the assessment that there would not be an impact.
- Wider environmental issues - The potential impact on wider environmental issues has been considered with the assessment that there would not be an impact.
- Health and well-being - The potential impact on health and well-being has been considered with the assessment that there would not be an impact.
- Human rights - The potential impact on human rights has been considered with the assessment that there would not be an impact.
- Justice system - The potential impact on the justice system has been considered with the assessment that there would not be an impact.
- Rural proofing - The potential impact on rural areas has been considered with the assessment that there would not be an impact.
- Sustainable development - The potential impact on sustainable development has been considered with the assessment that there would not be an impact.



## Annexes

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

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

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

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

The policy objective is to give residents the power to instigate local referendums on any local issue and this objective will be met once the Bill receives Royal Assent and the provisions have been implemented since the public will then have an opportunity to use the power.

Outputs would reflect the extent to which citizens choose to submit petitions in order to instigate referendums on issues that matter to them. Outcomes would reflect wider objectives such as whether citizens feel more empowered and better able to influence local decisions and realise the outcome they wanted to achieve through the local referendum. The proposed Post Implementation Review reflects this distinction. It is intended that longer-term outcomes emanating from the introduction of policies within the Localism Bill could be measured through feedback from citizens and local authority officials on policies intended to strengthen local democracy across the Bill.

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

The review is intended to be a proportionate check that legislation is operating as intended. A focused monitoring exercise will allow an assessment of the actual number of referendums held, the topics of these referendums and the extent both to which citizens have submitted petitions calling for referendums to their local authorities, together with, how these are distributed across the country, and (potentially) their results. We will minimise monitoring requirements on local authorities in line with the Department's objective.

The collective outcomes (the impacts and value for money) of this and other policies that provide people with a greater say and influence in local decision making could be considered in an overarching study that would be scoped in the months ahead. That study would take a proportionate and efficient approach to measuring the outcomes of these policies to demonstrate their combined impacts, and to draw out the key lessons for future policy.

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

The approach is two-fold, reflecting firstly the need to be proportionate in monitoring since we are developing a single comprehensive list of all of central government's data requirements from

local government which will aid transparency and help us identify the minimum amount of data that central government needs to collect<sup>40</sup>. Secondly, we plan to take advantage of the opportunity to brigade the measurement of the outputs and impacts of linked policies under the Localism Bill in order to reduce burdens and the efficient use of research resources, while increasing the opportunity for local authorities and local residents to understand the collective impact of policies:

- (i) A focused, proportionate, response to the specific policies around referendums and petitions which involves monitoring the extent both to which citizens submit petitions and the amount of referendums held (and potentially outcomes). It is envisaged that DCLG would take responsibility – potentially with others - for monitoring the numbers of petitions and referendums using data that would be routinely generated by local authorities for their own accountability purposes;
- (ii) A wider, but streamlined, approach to understanding the impact of the policies across the Localism Bill, and in particular in terms of the extent to which local electors submit petitions seeking referendums and the extent to which local authorities feel this influences their capacity to act effectively, improves accountability (and visibility) to the local electorate and impacts positively upon costs. The details of this approach would be worked up in the months ahead, but a cost-effective method may entail omnibus surveys of the public and a panel of local authorities, convened possibly by DCLG or other third parties, whose purpose is to identify and share experiences and implications of implementing policies across the Localism Bill and drawing upon locally generated research and evidence on the roll out and impacts of those policies. Such a panel would seek to foster shared understanding and learning about the implications of policies, and opportunities to increase local authority effectiveness. DCLG may seek to supplement this proposition with some proportionate and specific additional research on outcomes for residents and local communities.

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

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

Principal local authorities are presently required to set up and run petition schemes. Minimum criteria and requirements of schemes are set by legislation. For example, petitions of a certain, locally set, threshold will be heard before and debated at a meeting of the full council. There are both one-off costs associated with putting procedures in place and on-going costs associated with implementation, for example officers' time. From 15 December 2010 these local authorities are required to have a facility for receiving e-petitions. Local authorities are at various stages in setting up the software to facilitate this. Once in place, on-going costs will be minimal.

At present, there is no data source for measuring the number of petitions raised or referendums held in England. It is likely that some focused primary research would be required to generate a baseline to measure outputs and outcomes for this policy. We could work up the details of new baseline research required in the months ahead.

<sup>40</sup> See section 1.3 of DCLG's Business Plan at:  
<http://www.communities.gov.uk/documents/corporate/pdf/1762476.pdf>

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

- The public identifying issues of local concern and submitting these to their local authority in valid petitions.
- Local authorities efficiently and effectively validating petitions and organising and holding referendums whilst minimising costs.
- Local people feeling they were able to influence the local decision making process, leading to greater local accountability.
- Local people feeling they have achieved an outcome they wanted through petitioning and local referendums.

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

Monitoring arrangements need to be proportionate, but also allow local authorities to understand the impact of policies upon themselves and others in the sector. The proposal for monitoring and measurement is two-fold:

- (a) ongoing monitoring, by DCLG, of the take-up by citizens of petitions calling for referendums (and the response to referendums) drawing upon local authority data and supplementary focused research commissioned by DCLG.
- (b) longer-term review, for example through a panel of local authorities, of the perceptions to, and impacts of, policies across the Localism Bill, supplemented where necessary by additional research by local authorities and DCLG.

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

N/A

## Annex 2: Estimating the cost to local authorities of organising and conducting local referendums

An upper end estimation of the cost to local authorities of organising and conducting local referendums is based on three key assumptions (set out in pages 10-11):

1. Local authorities will combine all local referendums to take place once a year.
2. Local referendums will be combined with planned elections where possible.
3. There will be at least one local referendum per authority with electoral responsibilities per year from 2012 (referendums resulting from valid petitions raised in late 2011 would be held in 2012).

There are 326 local authorities in England with electoral responsibilities. Due to constitutional differences, local elections take place during different years and according to different cycles depending on local authority types. In order to ascertain whether, and in which years, opportunities exist for local authorities to combine local referendums with scheduled and anticipated elections, the below election timetable has been constructed.

Local authority type <sup>41</sup>	Number of authorities	Years during 2012-2021 in which elections are due to take place*
(County Councils)	27	2013, 2017, 2021
Unitary County Councils	6	2013, 2014, 2015, 2017, 2019, 2020, 2021
London Boroughs	32	2014, 2015, 2018, 2019, 2020
Metropolitan Districts	36	2012, 2014, 2015, 2016, 2018, 2019, 2020
Shire Districts (1)	68	2012, 2014, 2015, 2016, 2018, 2019, 2020
Shire Districts (2)	126	2014, 2015, 2019, 2020
Shire Districts (3)	7	2012, 2014, 2015, 2016, 2018, 2019, 2020
Single Tier Districts (1)	19	2012, 2014, 2015, 2016, 2018, 2019, 2020
Single Tier Districts (2)	30	2014, 2015, 2019, 2020
Isles of Scilly and City of London	2	2013, 2014, 2015, 2017, 2019, 2020, 2021

\* Includes European and general elections. General elections are expected to take place in 2015 and 2020. European elections are due to take place in 2014 and 2019.

Based on estimates of the *additional* cost per local authority of organising and conducting a local referendum (see page 13) during a year in which an election is planned, the cost to a local authority of organising and conducting a local referendum is expected to be approximately £70,000. During a year in which an election is not planned, this cost is expected to be approximately £250,000. In relation to two-tier areas, shire districts have responsibility for arranging elections for county councils, the dates for which are included within the table above for reference.

Given that these estimates are based on the experience of Tower Hamlets London Borough Council and that costs are likely to vary according to number of local government electors within

<sup>41</sup> Shire Districts (1) are those shire district councils electing by thirds on the cycle 2010, 2011, 2012; 2014, 2015, 2016 etc.

Shire Districts (2) are those shire district councils holding whole council elections every 4 years on the cycle 2011, 2015 etc.

Shire Districts (3) are those shire district councils holding biennial elections on the cycle 2010, 2012; 2014 2016 etc.

Single Tier Districts (1) are those unitary councils holding elections by thirds on the cycle 2010, 2011, 2012; 2014, 2015, 2016; etc

Single Tier Districts (2) are those unitary councils holding whole council elections every 4 years on the cycle 2011; 2015; 2019 etc

(Source: Local Government Association Local Elections in 2010 and DCLG data)

an authority, estimated costs for each type of local authority have been weighted to reflect the number of local government electors in those areas. For example, the estimated costs to unitary county councils of holding a local referendum have been inflated 85 per cent on the Tower Hamlets' costs to reflect that the number of local government electors in these areas is, on average, 85 per cent greater than in Tower Hamlets London Borough Council. The population weights for each local authority type are as shown in the below table, where the weight for Tower Hamlets London Borough Council is equal to 1.

Local authority type	Population weight*
Unitary County Councils	1.85
London Boroughs	1.09
Metropolitan Districts	1.44
Shire Districts (1)	0.5
Shire Districts (2)	0.5
Shire Districts (3)	0.5
Single Tier Districts (1)	0.92
Single Tier Districts (2)	0.92
Isles of Scilly and City of London	0.5

\* In terms of number of local government electors at December 2009, where Tower Hamlets London Borough Council weight = 1 (Source: Office for National Statistics).

The annual cost to local authorities of organising and conducting referendums will thus differ depending on the year. In 2012 for example, the *total upper end cost* is estimated at approximately £41.9m, as shown in the below table.

Local authority type	Number of authorities	Referendum costs for 2012 (£million)
Unitary County Councils	6	2.8
London Boroughs	32	8.7
Metropolitan Districts	36	3.6
Shire Districts (1)	68	2.4
Shire Districts (2)	126	15.8
Shire Districts (3)	7	0.2
Single Tier Districts (1)	19	1.2
Single Tier Districts (2)	30	6.9
Isles of Scilly and City of London	2	0.3
<b>TOTAL</b>	<b>326</b>	<b>41.9</b>

Repeating the above exercise for all years during 2012–20 derives the estimates for *total upper end annual cost* of organising and conducting referendums shown in the table below.

Year	Total upper end estimate referendum costs (£million)
2012	41.9
2013	40.8
2014	17.1
2015	17.1
2016	41.9
2017	40.8
2018	35.6
2019	17.1
2020	17.1
2021	40.8
<b>TOTAL</b>	<b>310.2</b>
<b>TOTAL (present value)</b>	<b>268.9</b>

The estimated *upper end* total cost to local authorities of organising and conducting local referendums is £268.9m (in present value terms) over the 10 year period from when the policy comes into effect. However, it is likely that many authorities will *not* have to hold referendums in particular years and referendums that are held may only cover areas smaller than the local authority, e.g. ward level. The lower, upper and best estimates in this impact assessment assume annual take-up across all local authorities to be unlikely.

## Estimated range

Using the proportion of local authorities that have been required to hold a mayoral referendum as a result of a valid local petition<sup>42</sup> to guide our assumptions regarding to the likely incidence of referendums under the new provision, the below estimates of the cost to local authorities of organising and conducting local referendums have been derived. These low, medium and high estimates assume respectively that 3, 10 and 17 per cent of local authorities per year will be required to hold referendums as a result of valid local petitions. These scenarios are based on low, medium and high incidences of mayoral referendums triggered by petitions since the mayoral referendum provision was introduced in 2001 (ignoring the exceptional three years in which no mayoral referendums were held), increased by a factor of 10 to account for the fact that the new provision allows for local referendums to be held on any local issue. Each estimate incorporates the same set of assumptions used to derive the upper end estimate, and assumes that the composition of types of authorities holding referendums broadly mirrors that of all authorities in relation to electoral timetables. Incidence is assumed to be stable during the ten year period for simplicity in the absence of clear evidence on whether incidence might rise or fall over time (as set out paragraph 39).

	<b>Estimated cost to local authorities of organising and conducting local referendums (£)</b>		
<b>Year</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>
2012	1.3	4.2	7.1
2013	1.2	4.1	6.9
2014	0.5	1.7	2.9
2015	0.5	1.7	2.9
2016	1.3	4.2	7.1
2017	1.2	4.1	6.9
2018	1.1	3.6	6.1
2019	0.5	1.7	2.9
2020	0.5	1.7	2.9
2021	1.2	4.1	6.9
<b>TOTAL</b>	<b>9.3</b>	<b>31.0</b>	<b>52.7</b>
<b>TOTAL (present value)</b>	<b>8.1</b>	<b>26.9</b>	<b>45.7</b>

## Best estimate

Our best estimate given the unknown parameters is our medium estimate i.e. the total costs to local authorities of organising and conducting local referendums would be the equivalent of referendums being held in 10 per cent of all local authorities in each year. This is approximately equal to on average £3m per year, or £27m (in present value terms) over the 10 year period from 2012-21

<sup>42</sup> Presently, a referendum concerning whether a local authority should have an elected mayor can be triggered by a petition containing at least 5 per cent of local electors' signatures.