



Code of Recommended Practice on Local Authority Publicity

Impact Assessment





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Other departments or agencies:	

Summary: Intervention and Options

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

The existing rules on all forms of local authority publicity are contained in the Code of Recommended Practice on Local Authority Publicity ('the Publicity Code'). The objective of the Publicity Code is to ensure that publicity is effective and efficient and value for money for the taxpayer.

In recent years, there has been a growth in the number, frequency and scope of free council newsletters, newsheets and similar publications. The Local Government Association survey of local authority publications in August 2010¹ found that 92 per cent of respondents published periodicals for their residents, providing information about local public services and the decisions and activities of the council and other public bodies. Local authority publicity is important to transparency and to localism as the public need to know what their local authority is doing if they are to be able to hold it to account, but some council publications have become like commercial newspapers in their frequency of publication, breadth of content and the extent of the advertising they attract.

There is concern, particularly among the local media, that free council newsletters, newsheets and similar publications can create unfair competition, damaging the financial viability and sustainability of the local press, and ultimately can be damaging to local democracy which requires an effective local media that is wholly independent of governmental organisations. A 2010 research paper by James Morrison of Kingston University argued that some commercial newspapers were facing "a strong commercial threat from...a new generation of professionally produced, council-funded publications".²

In addition, the Government is concerned about the use by local authorities of private specialists, contractors or consultants ('lobbyists') to influence public officials, MPs, political parties or the Government on any political issues. The Government regards expenditure on stands or displays at conferences of political parties designed to influence their members in taking a particular view as inappropriate. Taxpayers' money should not be used to lobby government or to fund local government campaigns as it diverts money away from local services and increases the likelihood of outcomes that do not necessarily meet the needs of the majority. It is also harder for taxpayers to find out for what purposes their money has been spent because the Freedom of Information Act and the arrangements proposed for data transparency³ do not apply to lobbyists.

¹ Local Government Association, Report of the local authority newsletter/magazine survey 2010. Note: respondents to the survey include local authorities in Wales as well as England.

² 'Spin, smoke-filled rooms, and the decline of council reporting by local newspapers: the slow demise of town hall transparency', James Morrison, a paper presented to the 60th Political Studies Association Annual Conference, April 2010. http://www.psa.ac.uk/journals/pdf/5/2010/612_322.pdf

³ Code of recommended practice for local authorities on data transparency – consultation.

What are the policy objectives and the intended effects?

The commitment “we will impose tougher rules to stop unfair competition by local authority newspapers” was included in the Coalition Agreement, *Our programme for government*. On 28 June 2010, the Secretary of State announced his intention to toughen up the rules governing local authority newspapers.⁴

The proposed revisions to the Publicity Code would address the problem of unfair competition to local newspapers by taxpayer-funded local authority newsletters and news sheets. They would also inhibit the use of taxpayers’ money for employing lobbyists for the purpose of publishing material designed to influence the Government, MPs, public officials or political parties or to take a particular view on any issue; or for displaying stands at party political events to try and influence members of political parties to take a particular view on any issue. The opportunity has been taken to redraft the Publicity Code in a modern format, to group it under seven guiding principles and to update it in relation to the hosting of publicity prepared by third parties, such as councillors’ blogs, and to ensure that it covers publicity related to the right of the public to exercise their influence over a matter affecting the authority by a vote or poll.

To address the objective of reducing unfair competition to local newspapers the revised Publicity Code restricts the frequency, content and appearance of local authority newsletters, news sheets or similar publications, including web-based publications. For example, local authorities will be restricted to quarterly publication of newsletters, whilst allowing parish councils to issue newsletters on a monthly basis if they wish. A parish newsletter, often a single A4 sheet, is not competition to a local newspaper. Publications will have to be clearly marked on the front page as being a publication of the local authority, with content restricted wholly to factual information about the council, its members, and its services and other service providers in the area.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option.

Option 1: Do nothing. This would mean that local authorities would be able to continue to produce free newspapers as frequently as once a week, to emulate the style of commercial newspapers and to include material additional to facts about the council and its services such as crosswords, horoscopes and competitions that do not relate to the business of the authority. They would also be able to continue to spend council taxpayers’ money on lobbyists.

Option 2: Revise the Publicity Code, after appropriate consultation and consideration of responses received, to address issues of frequency, style and content to stop unfair competition with local commercial newspapers and to prohibit expenditure on ‘lobbyists’ and on stands at party conferences for political ends. This is the preferred option.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** To be confirmed

What is the basis for this review? Post Implementation Review **If applicable, set sunset clause date:** N/A

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?

No arrangements are in place at present, but we are considering how to collect the information.

SELECT SIGNATORY Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.



Signed by the responsible Minister Grant Shapps:

Date: 11 February 2011

⁴ <http://www.communities.gov.uk/news/newsroom/1625230>

Summary: Analysis and Evidence

Policy Option 2

Description:

Price Base Year 2010-11	PV Base Year	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 22.7	High: 22.7	Best Estimate: 22.7

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	3.0	25.6
High	0	3.7	32.1
Best Estimate	0	3.3	28.8

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

Key monetised costs are: (i) increased expenditure on statutory notices by local authorities (£1.3 million per annum approximately); (ii) reduced advertising revenues from newsletters for local authorities (£1.2 million per annum approximately); (iii) reduced income for lobbyists (£0.7 million per annum approximately); and (iv) reduced income for firms producing newsletters on behalf of local authorities (£0.3 million per annum approximately).

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

There may be a marginal cost to firms that print newsletters on behalf of local authorities. Due to difficulty in determining what proportion of local authorities' overall costs of newsletter production represent printing costs, this cost has not been monetised.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	5.6	48.3
High	0	6.4	54.8
Best Estimate	0	6.0	51.5

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

Key monetised benefits are: (i) savings to local authorities in the costs of producing newsletters (£2.9 million per annum approximately); (ii) increased advertising revenue for local newspaper groups (£2.5 million per annum approximately); and (iii) savings to local authorities in the costs of hiring lobbyists (£0.7 million per annum approximately).

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

To the extent that any savings to local authorities will be spent on the provision of local public services, local residents will benefit.

Key assumptions/sensitivities/risks

Discount rate (%)

Key methodological assumptions are: (i) costs and benefits arising from the proposed revisions to the Publicity Code will affect only certain principal local authorities; (ii) those authorities required to reduce the frequency of their newsletter will do so to the maximum frequency permitted by the revised Publicity Code, i.e. quarterly; and (iii) current newsletter frequency is non-related to incomes and expenditures associated with local authority newsletters.

Key identified risks are: (i) the revised Publicity Code leads to reduced public awareness of local authority activity; (ii) the revised Publicity Code leads to increased expenditure by local authorities on alternative forms of direct mailing of newsletters; and (iii) the revised Publicity Code leads to increases in the price of advertising in local newspapers.

Direct impact on business (Equivalent annual) (£m):			In scope of OIOO?	Measure qualifies as
Costs:	Benefits:	Net:	No	

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	England				
From what date will the policy be implemented?	01/04/2011				
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/No				
Does implementation go beyond minimum EU requirements?	Yes/No				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded:		Non-traded:		
Does the proposal have an impact on competition?	Yes				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs:		Benefits:		
Distribution of annual cost (%) by organisation size (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 specific impact tests 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
Statutory equality duties ⁵ Statutory Equality Duties Impact Test guidance	No	18
Economic impacts		
Competition Competition Assessment Impact Test guidance	Yes	16
Small firms Small Firms Impact Test guidance	Yes	18
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	18
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	18
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	18
Human rights Human Rights Impact Test guidance	No	18
Justice system Justice Impact Test guidance	No	18
Rural proofing Rural Proofing Impact Test guidance	No	18
Sustainable development Sustainable Development Impact Test guidance	No	18

⁵ Race, disability and gender Impact Assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB 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), and those of the matching IN or OUT measures.

- 1 Code of Recommended Practice on Local Authority Publicity, Department of the Environment Circular 20/88, and Alterations to the Code of Recommended Practice on Local Authority Publicity, Department of the Environment, Transport and the Regions, Circular 06/2001:
<http://www.communities.gov.uk/documents/localgovernment/rtf/153169.rtf>
- 2 Consultation on Code of Recommended Practice on Local Authority Publicity, 29 September 2010:
<http://www.communities.gov.uk/documents/localgovernment/pdf/1727384.pdf>
- 3 Local Government Act 1986: <http://www.legislation.gov.uk/ukpga/1986/10/contents>
- 4 House of Commons Communities and Local Government Committee: Proposed Code of Recommended Practice on Local Authority Publicity: First Report of Session 2010-11 HC 666:
<http://www.publications.parliament.uk/pa/cm201011/cmselect/cmcomloc/666/666.pdf>
- 5 Taxpayers' Alliance, Taxpayer Funded Lobbying and Political Campaigning, 2009:
<http://www.taxpayersalliance.com/tflpc.pdf>
- 6 Ofcom, Local and Regional Media in the UK, Ofcom, September 2009:
<http://stakeholders.ofcom.org.uk/binaries/research/tv-research/lrmuk.pdf>
- 7 Audit Commission, Appendix: Review of Council Spending on Communication with the Public, January 2010: <http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/20100122publicityappendix.pdf>
- 8 DCLG's Business Plan: <http://www.communities.gov.uk/documents/corporate/pdf/1762476.pdf>
- 9 Office of Fair Trading, Outdoor advertising: An OFT market study, February 2011:
http://www.offt.gov.uk/shared_offt/market-studies/oft1304.pdf

Evidence Base

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

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

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

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs										
Annual recurring cost	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Total annual costs	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Transition benefits										
Annual recurring benefits	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Total annual benefits	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0

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

Evidence Base (for summary sheets)

Introduction

1. This impact assessment relates to the commitment in the Coalition Agreement *Our programme for government*, “we will impose tougher rules to stop unfair competition by local authority newspapers”. The rules for publicity by local authorities in whatever form are contained in the Code of Recommended Practice on Local Authority Publicity (the ‘Publicity Code’).

Background

2. The Publicity Code is issued under powers conferred on the Secretary of State under section 4(1) of the Local Government Act 1986 (‘the 1986 Act’). Local authorities, defined in section 6(2) of the 1986 Act, are required by section 4(1) of the 1986 Act to have regard to the Publicity Code in coming to any decision on publicity. These local authorities include district, county and London borough councils, parish councils, police and fire authorities. Publicity is defined in section 6(4) of the 1986 Act as ‘any communication, in whatever form, addressed to the public at large or a section of the public’. A failure to have regard to the contents of the Publicity Code would be unlawful. If members of the public consider that an authority has failed to have regard to the Publicity Code, they may raise their concern with the authority directly, or contact the authority’s auditor or seek judicial review to quash a decision in relation to publicity.

3. The Publicity Code is currently contained in two separate circulars, the original circular dates from 1988 (Department of the Environment: Circular 20/88) and applied in England, Scotland and Wales. The application of that circular was amended on 2 April 2001 in England only, by a further circular (Department of the Environment, Transport and the Regions: Circular 06/2001) in its application to county councils, district councils and London borough councils, to take into account changes in governance arrangements, and the advent of elected mayors, referendums and petitions. The 1988 circular was superseded in Wales by a revised code made by the National Assembly for Wales in October 2001 which, mirroring the changes made by the Department of the Environment, Transport and the Regions Circular 06/2001, applied to councils in Wales. The code contained in the 1988 circular continues to apply in Scotland.

4. Under section 4(4) of the 1986 Act, the Government is required to consult on any revisions to the Publicity Code with such associations of local authorities as appear to him to be concerned and any local authority with whom consultation appears to him to be desirable. A consultation was launched on 29 September 2010. The responses to the consultation were considered before finalising the revisions to the Publicity Code. The Publicity Code is subject to approval, by affirmative resolution, of both Houses of Parliament. It is intended that the revised Publicity Code will come into force as soon as possible following affirmative resolution. The revised Publicity Code will apply to all local authorities in England that fall within the definition in section 6(2) or have Part 2 of the 1986 Act applied to them, and the two circulars from 1988 and 2001 will be withdrawn in relation to those authorities.

The problem under consideration and the rationale for intervention

5. Independent local newspapers are a vital part of any thriving democracy. The rigour with which local journalists scrutinize the activity and spending of councils is a key factor in open and transparent government where local people can hold their councillors to account. In recent years, there has been a growth in the number, frequency and scope of free council newsletters, newsheets and similar publications. The Local Government Association survey of local authority publications in August 2010⁶ found that 92 per cent of respondents published periodicals for their residents, providing information about local public services and the decisions and activities of the council and other public bodies. A 2010 research paper by James Morrison of Kingston University argued that some commercial newspapers were facing “a strong commercial threat from...a new generation of professionally produced, council-

⁶ Local Government Association, Report of the local authority newsletter/magazine survey 2010. Note: respondents to the survey include local authorities in Wales as well as England.

funded publications”.⁷ Ministers are concerned that the viability of local commercial newspapers is being threatened as a result of unfair competition from council newsletters.

6. In addition, the Government is concerned about the use by local authorities of lobbyists with the intention of the publication of any material designed to influence public officials, MPs, political parties or the Government on any issue. The Government considers that taxpayers' money should not be used to fund local government campaigns or to lobby government as it gets used beyond the local area and weakens democracy. The Government will continue to conduct business with local government through existing direct channels and believes that elected members who want change can campaign for it at a personal or party political level instead of through lobbyists.

7. The revision of the Publicity Code is the means by which the issue of unfair competition to the local press from local authority newsletters, news sheets and similar publications may be addressed. As the Government is required to consult on any revision of the Publicity Code, a consultation on its proposals for revising the Publicity Code was launched on 29 September 2010. Over 350 responses were received, and the Government's response to the consultation is being published on the DCLG website on 11 February 2011 alongside this impact assessment.

Headline assumptions

8. In order to estimate the individual costs and benefits of the policy, this impact assessment makes various simplifying assumptions which are set out where applicable in the following sections. In addition, the following headline assumptions apply repeatedly throughout.

Assumption 1: Only principal local authorities will be affected by revisions to the Publicity Code

1. While the revised Publicity Code will apply to all local authorities in England⁸, in order to estimate the costs and benefits attached to the policy this impact assessment assumes that only certain principal local authorities⁹ will be affected by the revisions to the Publicity Code.¹⁰
2. Recent survey evidence suggests that around 92 per cent of principal local authorities currently produce a newsletter.¹¹ More specifically therefore, costs and benefits in this impact assessment have been estimated based on the assumption that the only local authorities affected by the revisions to the Publicity Code will be 92 per cent of principal local authorities in England.

Assumption 2: Local authorities affected by the revisions to the Publicity Code in relation to newsletter frequency (i.e. those authorities which currently publish a newsletter more frequently than quarterly) will reduce the frequency of their newsletter to the maximum permitted by the revised Publicity Code, i.e. quarterly.

3. Table 1 (Annex 2) suggests that the majority (around 78 per cent) of local authorities currently publish their newsletter at quarterly or less frequent intervals, and will therefore not be directly affected by the revisions to the Publicity Code in relation to newsletter frequency. Costs and benefits in this impact assessment have been estimated based on the assumption that only those local authorities which will be directly affected by the revisions to the Publicity Code in relation to newsletter frequency (i.e. those authorities which currently publish their newsletter more frequently than quarterly) will alter the frequency of their newsletter. On the basis of the evidence

⁷ http://www.psa.ac.uk/journals/pdf/5/2010/612_322.pdf 'Spin, smoke-filled rooms, and the decline of council reporting by local newspapers: the slow demise of town hall transparency', James Morrison, a paper presented to the 60th Political Studies Association Annual Conference, April 2010.

⁸ As defined in Section 6 of the Local Government Act 1986.

⁹ County, district and London borough councils.

¹⁰ This assumption is supported by the National Association of Local Councils' – an organisation which represents non-principal local authorities in England – response to the public consultation on the proposed revisions to the publicity code, which cites the views of its various members to support its headline assertion that “any concerns that local authorities waste money on their newsletters and effectively compete or cause unfair competition with local newspapers publishing commercially, on promoting party politics and lobbying is not applicable to the local councils' sector.”

¹¹ Source: Local Government Association, Report of the local authority newsletter/magazine survey 2010. Note: respondents to the survey include local authorities in Wales as well as England.

in Table 1, this is assumed to be approximately 22 per cent of local authorities in England which produce a newsletter.

4. It is further assumed that these authorities will reduce the frequency of their newsletter to the maximum permitted by the revised Publicity Code, i.e. quarterly.

Assumption 3: Current newsletter frequency is non-related to incomes and expenditures associated with newsletters

5. Costs and benefits in this impact assessment have been estimated using a common set of estimates for current newsletter-related incomes and expenditures. In doing so, it assumes these measures are non-related to newsletter frequency.
6. In practice, there may be differences in these measures which are related to newsletter frequency. For example, more frequent newsletters may be more expensive to produce by virtue of there being more editions published per year. At the same time however, more frequent newsletters may contain less content and therefore be cheaper to produce *per edition*. Given the unknown scale of these likely effects, and in the absence of complete data on newsletter-related incomes and expenditures according to newsletter frequency, it has been necessary to use a common set of estimates for those local authorities expected to be affected by restrictions on newsletter frequency in the revised Publicity Code.

Summary of costs and benefits

Group affected	Cost	Benefit
Local authorities	1. Reduced newsletter advertising revenue 2. Increased spend on statutory notices	1. Reduced spend on producing local newsletter 2. Reduced spend on hiring lobbying services
Local newspapers	Reduced demand for outsourced newsletter production	1. Increased advertising revenue 2. Increased readership/sales
Companies providing lobbying services	Reduced demand for lobbying services	–
Companies providing printing services	Reduced demand for printing services	–
Companies providing distribution services	Reduced demand for distribution services	–

Monetised costs

Cost: Reduced newsletter advertising revenue

Group affected: Local authorities

7. Some local authorities sell advertising in their local newsletter as a way of offsetting the cost of its production. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to

four times a year. This in turn may lead to a loss of advertising revenue for local authorities.

8. Recent survey evidence suggests the average annual advertising revenue generated by local authority newsletters is approximately £34,000.¹² Assuming that, following the revisions to the Publicity Code, each local authority's advertising revenue falls in line with their expected fall in newsletter editions, the estimated loss of advertising revenue to each authority will depend on their current newsletter frequency and is shown in the table below.¹³

Current newsletter frequency	Projected fall in newsletter editions*	Estimated loss of annual advertising revenue (per authority)**
Weekly	92%	£31,406
Every two weeks	85%	£28,789
Monthly	66%	£22,682
Every two months	33%	£11,341
Quarterly or less	0%	£0
<p>*Assuming authorities which currently publish their newsletter more frequently than quarterly reduce publication to quarterly following the revisions to the Publicity Code (see assumptions section). **Assuming current annual newsletter advertising revenue falls by the same proportion as the fall in newsletter editions.</p>		

9. Multiplying the above per authority estimates by the total number of authorities to which they apply (as shown in Table 1 in Annex 2) gives the estimated total loss of advertising revenue to local authorities at approximately £1.2 million per year.¹⁴

10. The revised Publicity Code will require local authorities to confirm that consideration has been given to the value for money that is being achieved in relation to all publicity; including taking into account any loss of potential revenue arising from the use of local authority-owned facilities to host authority publicity. To the extent that this causes local authorities to make better use of facilities (such as public billboards where applicable) to host third-party advertising, the additional income generated from such activities will offset the estimated loss of revenue from newsletter advertising revenues. A recently published report by the Office of Fair Trading found that in some cases local authorities are currently not receiving good value from their third-party advertising contracts.¹⁵ While the report points to a lack of competition among firms which compete for these contracts as a possible explanation for poor value, it nonetheless identifies a number of steps local authorities themselves can take in order to maximise the value of their advertising contracts. However, it is not clear in any case that such actions will be taken by local authorities, nor the likely benefits they would generate.

¹² Source: Local Government Association, Report of the local authority newsletter/magazine survey 2010. Figure taken from source refers to annual newsletter advertising revenue for 2009-10, and has therefore been inflated to 2010-11 prices as it appears here. Note: respondents to the survey include local authorities in Wales as well as England.

¹³ By applying a single estimate for annual newsletter advertising revenue across all local authorities irrespective of their newsletter frequency, this approach ignores potential differences in advertising revenue which are directly linked to newsletter frequency. For example, in practice newsletters published more frequently may generate more advertising revenue per annum for local authorities. Such examples would imply the approach used underestimates the loss of annual newsletter advertising revenue to local authorities; however, this would need to be offset against the likelihood that newsletters published more frequently contain less content and therefore generate less advertising revenue *per edition*. This approach has been taken in the absence of complete evidence on differences in annual newsletter advertising revenue according to newsletter frequency.

¹⁴ This impact assessment assumes the value of this cost will in effect be transferred as a benefit to local newspaper groups (see paragraphs 29-31).

¹⁵ Office of Fair Trading, Outdoor advertising, Feb 2011. The report states on page 108: "Each year, local authority sites generate £100-150m of revenue for media owners [the firms which pay to use local authority-owned advertising sites], who pay £25-50m in rent to local authorities ... Many local authorities do not appear to be aware of the advertising revenues that sites on their land generate."

Cost: Increased expenditure on statutory notices

Group affected: Local authorities

11. Local authorities are currently required by law to publish a variety of statutory notices in local newspapers, including for example planning and highways notices. Some local authorities have been able to reduce the cost of statutory notices by publishing them in their own newsletter instead of a local commercial newspaper. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to four times a year. This in turn may lead to increased expenditure on statutory notices.
12. For the purposes of estimating the value of this cost, it is assumed that only local authorities which currently publish a newsletter at least fortnightly regularly use their newsletter as a means of publishing statutory notices, and will therefore incur any increased expenditure on statutory notices as a result of the revised Publicity Code. This assumption is supported by Hackney Borough Council's response to the public consultation on the proposed revisions to the Publicity Code, which states: "A fortnightly publication schedule is the minimum necessary for carrying statutory notices in order to comply with application timetables that are prescribed in law."
13. Table 2 (Annex 2) shows the average annual expenditure by local authorities on statutory notices by authority-type according to a recent survey. Recalculating these averages so that they *exclude* those local authorities which publish a newsletter fortnightly or more frequently, the below table shows the estimated annual average statutory notice expenditure for local authorities with less than fortnightly newsletter publication, according to authority-type.

Local authority type	Estimated annual expenditure on statutory notices*
County	£429,210
District	£52,071
London borough	£125,513
Metropolitan district	£235,337
Unitary	£165,210
*Recalculations of figures shown in Table 2 based on the assumption that local authorities with fortnightly or more frequent newsletters currently incur nil expenditure on statutory notices.	

Multiplying the above per authority estimates by the total number of authorities to which they apply (i.e. those authorities which currently publish a fortnightly or more frequent newsletter) (as shown in Table 3 in Annex 2) gives the estimated total increase in statutory notice expenditure at approximately £1.3 million per year.¹⁶

Cost: Reduced demand for lobbying services

Group affected: Companies providing lobbying services

14. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to the engagement of lobbyists, which may result in reduced demand from local authorities for lobbying services. This in turn may lead to a loss of revenue for those companies currently providing lobbying services to local authorities.
15. It is difficult to accurately obtain the amount currently spent by local authorities on hiring lobbying services. In many cases, local authorities have contracts with private companies known to provide lobbying services to provide services which would not be considered lobbying under the

¹⁶ This impact assessment assumes the value of this cost will in effect be transferred as a benefit to local newspaper groups (see paragraphs 29-31). The net cost or benefit of this transfer will depend on the extent to which lobbying activities are wasteful or a zero-sum game between authorities.

revised Publicity Code.

16. The Taxpayers' Alliance has estimated total expenditure by public sector bodies on lobbying and political campaigning during 2007-08.¹⁷ The report's overall estimate is likely to be an overestimate for the purposes of this impact assessment due to the range of organisations included and its definition of services that are considered lobbying. However, the same source estimates the total amount spent by the public sector on political consultancies (which are likely to be the principal providers of lobbying services) at just over £4 million during 2007-08, of which approximately £1.2 million (approximately £1.3 million inflated to 2010-11 prices) is comprised of spending by English councils (see Table 4 in Annex 2).
17. Given that political consultancies provide a range of services, including those not considered lobbying under the revised Publicity Code, £1.3 million is likely to be an overestimate of the amount spent by local authorities on lobbying. Accordingly, an estimated range which assumes varying proportions of this total to represent lobbying expenditure is set out in the below table.

Estimate range	Percentage of total political consultancy spend assumed to represent lobbying	Total estimated expenditure by Local Authorities on lobbying services
Low	20	£260,000
Medium	50	£650,000
High	80	£1 million

18. Our best estimate of the loss of income to groups providing lobbying services to local authorities, in the absence of a more informative guide, is the medium estimate range, i.e. £0.7 million.¹⁸

Cost: Reduced demand for outsourced newsletter production

Groups affected: Local newspaper groups

19. Some local authorities outsource production of their local newsletter to a local commercial newspaper group. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to four times a year. Those local authorities which currently have contracts with local newspapers to produce a newsletter on their behalf more frequently than four times a year may therefore reduce their demand for such services, resulting in a potential loss of income for local newspaper groups.
20. Recent survey evidence suggests approximately 9 per cent of local authorities outsource production of their newsletter to a local newspaper group.¹⁹ Assuming that this percentage is broadly representative of the proportion of local authorities which currently publish a newsletter more than four times a year, the loss of revenue to local newspaper groups is estimated at 9 per cent of the total reduced expenditure by local authorities on producing newsletters.²⁰ As set out in paragraphs 25-27, the reduced expenditure by local authorities on producing newsletters is an

¹⁷ Taxpayers' Alliance, Taxpayer Funded Lobbying and Political Campaigning, 2009.

¹⁸ This impact assessment assumes the value of this cost will in effect be transferred as a benefit to local authorities (see paragraphs 28-29). The extent to which reduced expenditure by local authorities on lobbying activities represents a cost or benefit will in essence depend on the extent to which lobbying is a wasteful and ineffectual activity for local authorities to engage in.

¹⁹ Source: Local Government Association, Report of the local authority newsletter/magazine survey 2010. Note: respondents to the survey include local authorities in Wales as well as England.

²⁰ This assumption ignores the possibility that the propensity for local authorities to outsource newsletter production is related to newsletter frequency. For example, in practice local authorities which publish their newsletter more frequently may be more likely to outsource production of their newsletter in order to avoid reoccurring costs and ongoing demands on resources; or if economies of scale exist such that the cost to local authorities of outsourcing production of their newsletter, per edition, decreases as the number of editions produced increases. Such examples would imply that the approach used underestimates the loss of income to local newspaper groups. This approach has been taken in the absence of evidence on the propensity for local authorities to outsource newsletter production according to newsletter frequency.

estimated £2.9 million per year; therefore the loss of income to local newspapers is estimated at approximately £0.3 million.²¹

Non monetised costs

Cost: Reduced demand for printing services

Group affected: Companies providing printing services

21. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to four times a year. This may have an impact on companies providing printing services, in terms of reduced demand for the services which they provide.
22. It is difficult to determine what proportion of the overall cost of producing a newsletter represents the cost of printing the newsletter. On the basis of our assumption that only around 22 per cent of local authorities will reduce their newsletter's frequency following the revisions to the Publicity Code and that they will continue to produce a regular quarterly publication, the impact on printing companies is expected to be marginal and is therefore not quantified in this impact assessment.

Cost: Reduced demand for distribution services

Groups affected: Companies providing distribution services

23. Some local authorities outsource distribution of their local newsletter to a local company providing distribution services. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to four times a year. Those local authorities which currently have contracts with local companies to distribute a newsletter on their behalf more frequently than four times a year may therefore reduce their demand for such services, resulting in a potential loss of income for these companies.
24. It is difficult to determine the loss of income to these companies. On the basis of our assumption that only around 22 per cent of local authorities will reduce their newsletter's frequency following the revisions to the Publicity Code and that they will continue to produce a regular quarterly publication, the impact on distribution companies is expected to be marginal and is therefore not quantified in this impact assessment. However, one respondent to the consultation suggested that they would go out of business.

Monetised benefits

Benefit: Reduced costs of producing local newsletters

Group affected: Local authorities

25. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to four times a year. This in turn may lead to savings to local authorities in their costs of producing newsletters. To the extent that any savings to local authorities will be spent on the provision of local public services, local residents will benefit.
26. Recent survey evidence suggests the average annual cost to local authorities of producing a newsletter is approximately £83,511.²² Assuming that following the revisions to the Publicity Code each local authority's annual cost of producing a newsletter falls in line with their expected

²¹ This impact assessment assumes the value of this cost will in effect be transferred as a benefit to local authorities (see paragraphs 25-27).

²² Source: Local Government Association, Report of the local authority newsletter/magazine survey 2010. Figure taken from source refers to annual cost of producing newsletter for 2009-10, and has therefore been inflated to 2010-11 prices as it appears here. Note: respondents to the survey include local authorities in Wales as well as England.

fall in newsletter editions, the estimated savings to each authority will therefore depend on their current newsletter frequency and are shown in the below table.²³

Current newsletter frequency	Projected fall in newsletter editions*	Estimated reduction in cost of producing newsletter (per authority)**
Weekly	92%	£77,087
Every two weeks	85%	£70,663
Monthly	66%	£55,674
Every two months	33%	£27,837
Quarterly or less	0%	£0
<p>*Assuming authorities which currently publish their newsletter more frequently than quarterly reduce publication to quarterly following the revisions to the Publicity Code (see assumptions section). **Assuming current annual cost of producing newsletter falls by the same proportion as the fall in newsletter editions.</p>		

27. Multiplying the above per authority estimates by the total number of authorities to which they apply (as shown in Table 1 in Annex 2) gives the estimated total savings to local authorities in the cost of producing newsletters at approximately £2.9 million per year.

Benefit: Reduced costs of hiring lobbying services

Group affected: Local authorities

28. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to the engagement of lobbyists, which may result in reduced demand from local authorities for lobbying services. This may result in savings to local authorities on the current cost of hiring lobbying services.

29. As set out in paragraphs 14-18, the amount spent by local authorities on lobbying services is estimated at £0.3–1.0 million. Our best estimate of the reduced cost of hiring lobbying services to local authorities is equivalent to our best estimate of the loss of income to groups providing lobbying services to local authorities, i.e. £0.7 million.

Benefit: Increase in advertising revenue

Group affected: Local newspaper groups

30. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to four times a year. As set out in paragraphs 7-9, it is estimated this will lead to a loss of advertising revenue to local authorities of approximately £1.2 million per year. This in turn is expected to lead to a corresponding rise in advertising revenues to local newspaper groups.²⁴

²³ By applying a single estimate for the annual cost of producing a newsletter across all local authorities irrespective of their newsletter frequency, this approach ignores potential differences in the cost of producing newsletters which are directly linked to newsletter frequency. For example, in practice newsletters published more frequently may cost more to produce per annum. Such examples would imply the methodology used here underestimates the savings to local authorities in the cost of producing newsletters; however, this would need to be offset against the likelihood that newsletters published more frequently contain less content and are therefore less costly to produce *per edition*. The approach also assumes that all costs relating to newsletter production are variable, so that the overall cost of producing a newsletter is entirely proportionate to newsletter frequency; in practice, some of the costs relating to newsletter production will be fixed (e.g. hiring a dedicated editorial team). This approach has been taken in the absence of robust evidence on differences in the annual costs of producing newsletters according to newsletter frequency.

²⁴ This assumes all current demand for advertising in local authority newsletters is transferred directly to local newspapers following the revisions to the code, on the basis that they are probably the closest substitutes in terms

31. Local newspaper groups may also gain increased advertising revenue from local authority statutory notices, as the requirement for local authorities to have regard to revisions made to the Publicity Code in relation to newsletter frequency may limit the extent to which local authorities use their own publications to publish statutory notices. As set out in paragraphs 11-13, it is estimated that local authorities will spend an additional £1.3 million per year on publishing statutory notices in local newspapers.
32. In total therefore, the increase in advertising revenue to local newspaper groups is estimated at approximately £2.5 million per year.

Non monetised benefits

Benefit: Increase in readership/sales of local newspapers

Group affected: Local newspaper groups

33. Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to four times a year. This may result in benefits to local newspaper groups in terms of increased readership and/or sales of local newspapers.
34. The value of this benefit will partly depend on the price structures of individual local newspapers. For example, where local newspapers are charged at a price to their readers, the benefit to local newspaper groups resulting from an increase in sales would be in pure terms of increased sales revenue. In cases where local newspapers are offered free to their readers, local newspaper groups would not benefit in terms of increased sales revenue, but may benefit from increased advertising revenue.
35. The extent to which local newspaper groups benefit from increased sales of local newspapers will also depend on the extent to which local authorities currently compete with local newspaper groups for readership of their news publications. This is considered in more detail in the Competition Assessment annex to this document. However, given the uncertainties, this benefit is not quantified in this impact assessment.

Risks

Risk 1: The revised Publicity Code leads to reduced public awareness of local authority activity

36. Local authorities commonly rely on local newsletters to deliver key messages to local citizens and keep them up-to-date regarding recent activity within the local area. There is a risk therefore that by limiting the frequency of local authority newsletters, citizens will become less informed about important matters within their local area. Indeed, a recently published House of Commons Select Committee Report suggested that some of the proposed revisions to the Publicity Code may have potentially negative implications for local democracy.²⁵
37. Survey evidence suggests this risk is not particularly high given the public's relative lack of regard for the importance of local authority newsletters: Ofcom research found that television was considered the most important medium for regional/local news, with local radio, local newspapers and websites all achieving similar scores; council paper/magazines by contrast were among

of advertising; in practice, companies may turn to alternative platforms to advertise products, or cease advertising of products altogether. Such examples would imply the approach taken overestimates the benefit to local newspaper groups. The approach also assumes no difference in the price of advertising between local newsletters and local newspapers; in practice, local newspapers may charge a higher or lower price than local authority newsletters for advertising. Such examples would imply the approach underestimates (overestimates) the benefit to local newspapers if the price of advertising is higher (lower) in local newspapers than local authority newsletters. This approach is taken in the absence of informative evidence on the likely advertising response of private companies to the revised code or on the difference in the price of advertising between local authority newsletters and local newspapers.

²⁵ House of Commons Communities and Local Government Committee, Proposed Code of Recommended Practice on Local Authority Publicity First Report of the Session 2010-11, p. 20.

those rated least important.²⁶ Similarly, surveys carried out by Ipsos MORI for the Audit Commission in 2009 found that 39 per cent of respondents considered the most important sources of information about the performance of local public services to be local newspapers, compared to 25 per cent for council newsletters.²⁷ The Audit Commission finds no statistically significant relationship between frequency of local newsletter publication and key outcome measures such as satisfaction with the way that councils run things.²⁸

38. Moreover, the Government's priority for increased transparency by local authorities through the proactive release of data (including expenditure over £500 with costs, supplier and transactions information) in open and accessible formats should mitigate this risk somewhat. To support this agenda, the Government has published for consultation a Draft Code of Recommended Practice for Local Authorities on Data Transparency, which enshrines the principles of transparency and sets out the minimum expectations and considerations for publishing data.

Risk 2: The revised Publicity Code leads to increased expenditure by local authorities on alternative forms of direct mailing to newsletters

39. A recent survey of local authorities undertaken by the Local Government Association reveals that three-quarters of respondents thought that reducing the frequency of their newsletter would result in them having to produce more alternative direct mailings to local citizens.²⁹ There is a risk therefore that, should this expectation be realised, the revised Publicity Code will lead to increased expenditure by local authorities on alternative forms of direct mailing to newsletters.
40. However, the same survey found that two-thirds of the authorities which had already reduced the frequency of their newsletter did *not* have to produce more direct mailings as a result. For this reason, this impact assessment considers this to be a risk but does not estimate its potential impact.

Risk 3: The revised Publicity Code leads to increases in the price of advertising in local newspapers

41. There is a risk that by limiting the frequency of local authority newsletters to quarterly publication, the revised Publicity Code will lead to increases in the price of advertising in local paper news outlets, in particular local commercial newspapers.³⁰
42. The likelihood of this risk will depend in part on the extent to which local authority newsletters currently compete directly with local newspapers for advertising revenues, such that a reduction in the availability of local authority newsletters allows local newspapers to gain a competitive advantage in the market for local advertising. It will also depend on the extent to which those groups which currently purchase advertising in local authority newsletters continue to demand some form of local advertising for their products.
43. Given our assumption that only around 22 per cent of local authorities will have to reduce the frequency of their newsletters as a result of the revised Publicity Code, combined with the likelihood that only a subset of this group publish newsletters frequently enough to compete directly with local commercial newspapers for advertising revenues, this risk is not considered significant by this impact assessment.

²⁶ Ofcom, Local and Regional Media in the UK, Ofcom, September 2009, pp. 52-53.

²⁷ Audit Commission, Appendix: Review of Council Spending on Communication with the Public, January 2010, p.

²⁸ Audit Commission, Appendix: Review of Council Spending on Communication with the Public, January 2010, p.

²⁹ Local Government Association, Report of the local authority newsletter/magazine survey 2010. Note: respondents to the survey include local authorities in Wales as well as England.

³⁰ The basic premise of this argument is the economic theory which states that a reduction in the supply of a particular good/service, assuming the demand for it remains unchanged, leads to an increase in the price charged for that good/service. In this case, supply relates to the availability of advertising space in local paper news outlets, which will necessarily be reduced as a result of the restrictions made in the revised code on the frequency of local authority newsletters.

Specific Impacts Tests

Competition Assessment

A competition specific impact test has been undertaken with the assessment that the policy does have a potential (positive) impact on competition. This annex explains the nature of this impact.

Relevant markets

Revisions to the Publicity Code include a limit on the frequency with which local authorities are permitted to publish newsletters, newsheets and similar publications. This may have an impact on competition in the following markets:

1. *Market for local news publications*: to the extent that local authorities currently compete with local newspaper groups for readership of their news publications, there will be an impact on competition in the market for local news publications.
2. *Market for local advertising*: in some cases, local authorities' news publications feature third-party advertising. To the extent that local authorities currently compete with local newspaper groups to attract advertising in their news publications, there will also be an impact on competition in the market for local advertising space.

Market for local news publications

Relevant market considerations

The extent to which the policy has an impact on competition in the market for local news publications will partly depend on the extent to which local authority news publications currently compete with commercial local news publications for readership. Another way of expressing this is to say it depends on whether or not the two products (local authority news publications and commercial local news publications) are part of the same relevant market.

It is inherently difficult to judge whether local authority news publications are part of the same market as commercial local newspapers. While an Ofcom report on local and regional media in the UK highlighted "concern that residents may mistake local authority publications for independent local media"³¹, it remains unclear that the two products are viewed as perfect substitutes for one another. Survey evidence featured in the same report found that respondents rate local newspapers as more important than council papers/magazines³², which suggests readers do make a clear distinction between the two products.

In practice, there is likely to be local variation in the extent to which the two products are part of the same relevant market. For example, in areas where local authority news publications are published frequently (for example on a weekly, fortnightly or monthly basis), it is more likely that they will compete with commercial newspapers for readership.

Nature of impact

To the extent that the two products are part of the same relevant market, the Office of Fair Trading's 'filter questions' help to understand the potential impact on competition in this market:

Does the policy:

1. *Directly limit the number or range of suppliers?*

No. Local authorities which currently compete as suppliers in the market for local news publications will continue to be able to do so, albeit on a restricted basis.

³¹ Ofcom, Local and Regional Media in the UK, Ofcom, September 2009, p 83.

³² Ofcom, Local and Regional Media in the UK, Ofcom, September 2009, pp. 52-53.

2. Indirectly limit the number or range of suppliers?

No.

3. Limit the ability of suppliers to compete?

Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to four times a year. As a result, those local authorities which currently compete as suppliers in the market for local news publications will be limited in their ability to compete in this market. But see point 4 below.

4. Reduce suppliers' incentives to compete vigorously?

A recently published House of Commons Select Committee report concluded there is no evidence of a widespread problem of unfair competition in this market.³³ However, evidence cited in this impact assessment shows that, on average, the cost to local authorities of producing their news publications exceeds the incomes generated from advertising revenues. This suggests that, by and large, local authorities produce their news publications at below-cost price (usually free) by cross-subsidising the cost of producing their news publications using other sources of (public) funding. This implies that local newspapers, which are unable to engage in such practices, may currently be subject to unfair competition from local authorities. This is of course less relevant in areas where local authorities are not producing news publications at below-cost price.

Therefore, preventing unfair competition by local authority newsletters should improve profitability and therefore encourage entry in the local newspaper market, and thus boost competition and diversity in this market.

Market for local advertising

Relevant market considerations

The extent to which the policy has an impact on competition in the market for local advertising will partly depend on the extent to which the two products (advertising in local authority news publications and advertising in commercial local news publications) are part of the same relevant market.

It is difficult to judge whether advertising in local authority news publications and advertising in commercial local news publications are part of the same market without greater evidence around typical buyer profiles of these two products. Whether or not they are in the same market will depend on the extent to which buyers in this market view the two products as perfect substitutes, i.e. the extent to which buyers are happy to switch between these two forms of advertising without making compromises. This impact assessment assumes that the loss of advertising revenue to local authority news publications will transfer directly to local newspapers (as set out in paragraphs 30-32). In doing so, it assumes the two products are part of the same relevant market. If in practice groups which are no longer able to buy advertising in local authority news publications do not switch to local newspaper advertising, this may suggest that the products are not perfect substitutes, and possibly not part of the same relevant market.

Nature of impact

To the extent that the two products are part of the same relevant market, the Office of Fair Trading's 'filter questions' help to understand the potential impact on competition in this market:

Does the policy:

1. Directly limit the number or range of suppliers?

No. Local authorities which currently compete as suppliers in the market for local advertising will continue to be able to do so, albeit on a restricted basis.

³³ House of Commons Communities and Local Government Committee, Proposed Code of Recommended Practice on Local Authority Publicity First Report of the Session 2010-11, p. 18.

2. Indirectly limit the number or range of suppliers?

No.

3. Limit the ability of suppliers to compete?

Local authorities will be required to have regard to revisions made to the Publicity Code in relation to newsletter frequency, which limit publication of local authority newsletters to four times a year. As a result, those local authorities which currently compete as suppliers in the market for local advertising will be limited in their ability to compete in this market. But see point 4 below.

4. Reduce suppliers' incentives to compete vigorously?

The extent to which the policy will reduce suppliers' incentives to compete vigorously depends on the extent of current competition to local newspapers from local authorities' news publications. We are unaware of any evidence to suggest local authorities currently undercut local newspaper groups in the price of advertising in their local news publications. Given our assumption that only around 22 per cent of local authorities will have to reduce the frequency of their newsletters as a result of the revised Publicity Code, combined with the likelihood that only a subset of this group publish newsletters frequently enough to compete vigorously with local commercial newspapers for advertising revenues, this possibility is not considered significant by this impact assessment.

Importantly, while the competition assessment concludes that the policy may have a (positive) impact on competition, this is not the main rationale for the policy – which is concerned primarily with value for money and appropriateness of local authority publicity.

Small Firms Impact

The policy will have a favourable impact on local newspapers, many of which will be small firms, as it will limit unfair competition from local authority newsletters (see competition assessment above).

The policy may have a minor detrimental impact on some small firms, namely those producing, printing and distributing newsletters on behalf of local authorities, in those instances where these are used. We have only been able to estimate this impact (£0.3 million per annum) for firms producing newsletters on behalf of local authorities.

The policy will have a detrimental effect on lobbyists, some of which may operate as small firms (estimated at £0.7 million per annum).

Equalities, Environmental, Social, Sustainable Development Impacts

We have considered these and do not believe that there will 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 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. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. 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 revise the Code of Recommended Practice on Local Authority Publicity ('the Publicity Code'). Intended effects of the revised Publicity Code are to address the problem of unfair competition to local newspapers by local authority newsletters; and to prohibit the use of lobbying services by local authorities. The review is intended to be a proportionate check that the Publicity Code is operating as intended, with the intended effects.

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 the Publicity Code is operating as intended. A focused monitoring exercise will enable an assessment of the extent to which local newspapers remain subject to unfair competition from local authority newsletters; and the extent to which there is evidence of continued use of lobbying services by local authorities.

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

The review approach is intended to reflect the need to be proportionate in monitoring, since we are developing a single comprehensive list of all of central government's data requirements on local government which will aid transparency and help us identify the minimum amount of data that central government needs to collect.³⁴

Further details of proposed research and analysis will be developed over the coming months 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]

Baselines include: evidence on the current state of the local newspaper industry; and evidence on the current extent of the use of lobbying services by local authorities.

While it is intended that the review would make maximum use of existing data, including that which has been used in this impact assessment, it is possible that some degree of primary research would be required to generate accurate baselines to measure outputs for this policy. If necessary, details of this research would be developed in the coming months.

³⁴ 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]

Success criteria includes: evidence of increased strength of the local newspaper industry; and an ending of the use of lobbying services by local authorities.

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

Further details of proposed monitoring arrangements will be developed over the coming months 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.

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

Not applicable.

Annex 2

Table 1: Current frequency of local authority newsletter publication

Frequency of newsletter	Percentage of authorities*	Number of authorities**
Weekly	0.5	2
Every two weeks	3.3	11
Monthly	3.8	12
Every two months	14.7	48
Quarterly or less	77.7	252

* According to survey responses of 204 local authorities in England and Wales in 2010. Source: Local Government Association, 'Report of the local authority newsletter/magazine survey 2010'.

** Based on assumption that approximately 92 per cent of all principal local authorities in England produce a newsletter, as indicated in Local Government Association survey (reference above). Figures rounded to nearest whole number.

Table 2: Average annual expenditure on statutory notices according to local authority-type

Local authority type	Average annual expenditure on statutory notices
County	£394,873
District	£47,426
London borough	£86,604
Metropolitan district	£216,510
Unitary	£147,433

Source: Local Government Association, 'Report of the local authority newsletter/magazine survey 2010'

Notes
According to survey responses of 204 local authorities in England and Wales in 2010. Figures taken from source refer to annual statutory notice expenditure for 2009-10, and have therefore been inflated to 2010-11 prices as they appear here.

Table 3: Percentage and number of authorities with fortnightly or more frequent newsletter publication according to local authority-type

Local authority type	Percentage of authorities with fortnightly or weekly newsletters*	Number of authorities with fortnightly or weekly newsletters**
County	0	0
District	1	2
London borough	25	8
Metropolitan district	0	0
Unitary	3	1

* According to survey responses of 204 local authorities in England and Wales in 2010. Source: Local Government Association, 'Report of the local authority newsletter/magazine survey 2010'.

** Based on assumption that approximately 92 per cent of each authority-type produces a newsletter, as indicated in Local Government Association survey (reference above). Figures rounded to nearest whole number.

Table 4: Expenditure by public bodies on political consultancy during 2007-08 (English councils highlighted in bold)

Source: Taxpayers' Alliance, 'Taxpayer funded lobbying and political campaigning', 2009

Organisation	Consultancy	Amount
Audit Commission	Consolidated PR	£66,175.00
BBC	Four Communications	£12,032.00
BBC	EUK Consulting Ltd	£40,000.00
Belfast City Council	Stratagem	£5,483.37
Blackpool Council	FD Public Affairs (FD-LLM)	£68,012.93
Bristol City Council	PPS Group	£2,875.00
British Transport Police	Politics International	£29,938.91
British Waterways	Four Communications	£60,968.72
British Waterways	Cavendish Communications	£54,448.69
British Waterways	Atherton Associates	£9,361.10
Channel 4	Euro RSCG Apex	£58,500.00
Charity Commission	Mandate Communications	£5,023.13
Cheshire County Council	FD Public Affairs (FD-LLM)	£77,752.00
Cheshire County Council	Euro RSCG Apex	£16,930.00
Civil Aviation Authority	Waterfront Public Affairs	£111,756.84
Civil Aviation Authority	AS Biss & Co.	£62,977.16
Commission for Rural Communities	Connect Public Affairs	£11,889.88
Competition Commission	Euro RSCG Apex	£11,867.50
Derbyshire Police Authority	Connect Public Affairs	£19,215.00
East of England Development Agency	Fishburne Hedges	£59,472.47
Environment Agency	Bellenden Public Affairs	£4,300.00
Equality and Human Rights Commission	APCO Worldwide Limited	£84,136.31
Exeter City Council	Connect Public Affairs	£17,080.00
Financial Services Authority	Connect Public Affairs	£18,089.00
Financial Services Authority	College Public Policy	£15,150.00
Food Standards Agency	Edelman	£3,525.00
Food Standards Agency Northern Ireland	Stratagem	£19,752.69
Gambling Commission	Grayling Political Strategy	£11,374.00
Halton Borough Council	Politics International	£15,600.00
Havering Council	Connect Public Affairs	£20,702.75
Health and Safety Executive	AS Biss & Co.	£119,830.00
Hertfordshire County Council	PPS Group	£10,810.00
Imperial College Healthcare NHS Trust	Mandate Communications	£10,106.26
Lambeth Primary Care Trust	Four Communications	£1,101.76
Learning and Skills Council	Weber Shandwick Public Affairs	£34,646.98
Leeds City Council	Connect Public Affairs	£258.73
Leicestershire County Council	PPS Group	£6,621.13
Lincolnshire County Council	PPS Group	£35,782.25
Liverpool City Council	FD Public Affairs (FD-LLM)	£209,942.05
London Assembly	Connect Public Affairs	£8,006.26
London Borough of Barking and Dagenham	Grayling Political Strategy	£9,000.00
London Borough of Barking	Citigate Public Affairs	£5,875.00

and Dagenham		
London Borough of Greenwich	Citigate Public Affairs	£18,989.42
London Borough of Hammersmith and Fulham	Four Communications	£1,880.00
London Borough of Hounslow	FD Public Affairs (FD-LLM)	£44,464.70
London Development Agency	Mandate Communications	£11,330.65
London Development Agency	AS Biss & Co.	£15,871.69
Merthyr Tydfil Council	Positif Politics	£292.58
Met Office	Politics International	£54,361.53
Milton Keynes Council	Grayling Political Strategy	£75,359.69
National Endowment for Science and Technology	Consolidated PR	£138,794.90
National Institute for Health and Clinical Excellence	Weber Shandwick Public Affairs	£17,560.00
National Institute for Health and Clinical Excellence	Citigate Public Affairs	£4,283.00
National Lottery Commission	Hill & Knowton	£208,642.71
NHS Health Scotland	Weber Shandwick Public Affairs	£1,925.00
NHS Health Scotland	Citigate Dewe Rogerson	£89,973.66
NHS Information Centre	Grayling Political Strategy	£55,060.50
Norfolk County Council	Weber Shandwick Public Affairs	£39,078.00
North Yorkshire County Council	PPS Group	£15,944.75
Northern Ireland Authority for Utility Regulation	Weber Shandwick Public Affairs	£76,758.00
Northern Ireland Legal Services Commission	Weber Shandwick Public Affairs	£44,948.80
Northumberland County Council	FD Public Affairs (FD-LLM)	£120,000.00
Nottingham City Council	FD Public Affairs (FD-LLM)	£110,691.66
Olympic Delivery Authority	Mandate Communications	£5,432.89
Ordnance Survey	Mandate Communications	£49,439.54
Oxford City Council	FD Public Affairs (FD-LLM)	£65,599.22
Remploy	Portland PR	£174,680.16
Remploy	Greenhaus Public Communication	£12,277.50
Scottish Enterprise	Fleishman-Hillard	£165,369.77
Scottish Environmental Protection Agency	Weber Shandwick Public Affairs	£5,755.15
Shropshire County Council	Weber Shandwick Public Affairs	£55,866.00
South Gloucestershire Council	PPS Group	£10,694.00
Sport England	FD Public Affairs (FD-LLM)	£100,387.78
Sport England	Edelman	£71,995.90
Springfield Hospital Trust	Four Communications	£43,275.00
Telford and Wrekin Council	Grayling Political Strategy	£22,567.82
Telford and Wrekin Council	Citigate Public Affairs	£32,413.72
The British Museum	Weber Shandwick Public Affairs	£991.41
The City of London	Sovereign Strategy	£21,000.00
The Royal Parks	Bellenden Public Affairs	£4,700.00
Thurrock Thames Gateway Development Corporation	Connect Public Affairs	£12,906.89
Transport for London	Four Communications	£127,656.33

UK Atomic Energy Agency	Grayling Political Strategy	£34,488.81
Visit Scotland	PPS Group	£3,000.00
VisitBritain	Connect Public Affairs	£10,888.56
Welsh Assembly Government	Green Issues	£3,323.74
West Lancashire District Council	PPS Group	£52,948.01
West Midlands Passenger Transport Authority	Fishburne Hedges	£140,000.00
<u>Notes</u>		
Based on organisations' responses to Freedom of Information requests for details of payments to political consultancies during financial year 2007-08.		