



Localism Bill: giving councils greater freedom over
their governance arrangements
Impact assessment



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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

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Title: Localism Bill: giving councils greater freedom over their governance arrangements Lead department or agency: Department for Communities and Local Government	Impact Assessment (IA)
	IA No: DCLG 0041
	Date: January 2011
	Stage: Final Stage
	Source of intervention: Domestic
	Type of measure: Primary legislation
Contact for enquiries: Victoria Jones - Zone 3/J1, Eland House Tel: 0303 444 2585	

Summary: Intervention and Options

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

Currently all but the smallest shire district councils in England are required to operate one of two executive governance models - a directly elected mayor and cabinet or an indirectly elected leader and cabinet. Intervention is needed to remove the existing limited choice and empower councils and local people to decide what governance model is best for them, whether that be a mayor, a leader and cabinet or a return to the committee system.

What are the policy objectives and the intended effects?

1. To remove the current legislative prescription.
2. To provide councils with greater choice and flexibility when reaching decisions on their own governance arrangements, so that they are best placed to meet the needs of local people.

Relevant provisions will be included in the Localism Bill. The Bill will shift power from the central state back into the hands of individuals, communities and councils.

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

Option 1: "do nothing" - i.e. retain the current legislative prescription on council governance arrangements. This would not achieve the policy objective (see page 10).

Option 2: legislate to give all councils in England the option to operate the committee system of governance. This is the preferred option and will enable the policy objective to be achieved.

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

Ministerial Sign-off For final proposal stage Impact Assessments:

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

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

Summary: Analysis and Evidence

Description: Allowing councils to return to the committee system

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: -0.8	Best Estimate: -0.4

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0	0
High	0.8	0	0.8
Best Estimate	0.4	0	0.4

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

The expectation is that the proposals should not involve any significant costs and that councils will seek to ensure that they adopt governance arrangements which are value for money. Any consultation costs would be minimal. The cost to local authorities of holding a referendum on changing governance models is estimated at £70,000–£250,000 and it is estimated that up to three councils will hold a referendum. **The Government does not envisage that those councils choosing to operate the committee system will be subject to any additional operational or administrative costs to those operating one of the executive models (save for transitional costs).**

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

During the transition period to new governance models there may be a temporary lack of public understanding about how councils reach decisions and who is accountable for them. However, as is the case currently, it will be for each council to ensure that local residents are aware of how the council operates, including making available information about the council's decision making structures and constitution.

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

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

We do not envisage that councils will enjoy any substantial monetised benefits from moving to the committee system. Any costs incurred by councils are very much dependent upon how councils decide to organise themselves under the committee system. The Government believes it is reasonable to assume that councils will take a value for money approach.

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

The main non-monetised benefit of the policy is to provide councils with greater choice and flexibility over how they organise themselves in order to ensure that they are best placed to meet the needs of local people.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Key assumptions are:

1. 5–10 per cent of councils will adopt the committee system of governance.
2. Up to 10 per cent of councils adopting the committee system of governance will hold a referendum on the issue.
3. There will be no significant change in the allowances paid to members or additional officer costs for councils adopting the committee system.

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

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?		England			
From what date will the policy be implemented?		On coming into force			
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?		n/a			
Does implementation go beyond minimum EU requirements?		No			
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ 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...?	Impact	Page ref within IA
Statutory equality duties ¹ Statutory Equality Duties Impact Test guidance	No	9
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	9
Small firms Small Firms Impact Test guidance	No	9
Environmental impacts		
Greenhouse gas assessment	No	9
Wider environmental issues	No	9
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	9
Human rights Human Rights Impact Test guidance	No	9
Justice system Justice Impact Test guidance	No	9

¹ 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.

Rural proofing <u>Rural Proofing Impact Test guidance</u>	No	9
Sustainable development <u>Sustainable Development Impact Test guidance</u>	No	9

Evidence Base (for summary sheets) – Notes

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

References

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

No.	Legislation or publication
1	Local Government Act 2000
2	Local Government and Public Involvement in Health Act 2007
3	Tower Hamlets (2009), Extraordinary council meeting 2 December 2009, agenda item 4
4	Electoral Commission, The 2004 North East regional assembly and local government referendums.
5	Local Government Association - Members' Allowances Survey 2008
6	Local Government Employers - Salaries and Numbers Survey 2007

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	0.4									
Annual recurring cost	0									
Total annual costs	0.4									
Transition benefits										
Annual recurring benefits										
Total annual benefits										

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

Evidence Base (for summary sheets)

Background

1. The Local Government Act 2000 ("the 2000 Act") abolished the committee system of governance and required all but the smallest shire district councils in England (those with a population of less than 85,000 in 1999) to operate one of the three executive models - directly elected mayor and cabinet, directly elected mayor and council manager or indirectly elected leader and cabinet². The mayor and council manager model was subsequently abolished by the Local Government and Public Involvement in Health Act 2007 ("the 2007 Act"). The Coalition Agreement commits the Government to "*allow councils to return to the committee system, should they wish to*"³. This requires primary legislation, which the Government intends to provide in the Localism Bill.

Policy objectives

2. The policy to allow councils to decide on their own decision making structures, including a return to the committee system of governance, 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 ending the current legislative prescription and empower councils in England to decide what decision making structure is best for them and their local area, whether that be a directly elected mayor and cabinet, an indirectly elected leader and cabinet or the committee system.

Description of options considered

3. Option 1 – Do nothing (leaving the current legislative prescription on council governance arrangements and administrative functions in place). All councils in England, except for shire district councils with a population of less than 85,000, would be required to adopt one of the existing executive governance arrangements – either the directly elected mayor and cabinet model; or the indirectly elected leader and cabinet model. Councils in England would also be restricted in the choices they have when reaching decisions on their staffing and administrative structure. This would not achieve the policy objective.
4. Option 2 – Legislate to allow all councils in England to operate the committee system of governance, should they wish. This is the preferred option.

Legislation

5. The Government will introduce legislation in the Localism Bill, to allow councils to return to the committee system, should they wish. The key elements of the framework will be as follows:
 - a) Removal of current restrictions, set out in the 2000 Act, which requires all councils in England with a population of 85,000 or more to operate executive arrangements – either the leader and cabinet or mayor and cabinet model.

² **Committee system** - prior to the 2000 Act, local authorities could either take all decisions in full council or could delegate decision making to committees, sub committees, other local authorities or officers. This governance model was commonly known as the committee system. In practice, the bulk of decisions were taken by committees or sub-committees which then reported them periodically to the full council, but some matters were always reserved to the full council to decide. **Executive arrangements** - A key element of the 2000 Act reforms was the introduction of executive arrangements, a separation of the executive from the rest of the council. Day-to-day running of the council is the responsibility of the executive with matters such as the approval of budget setting and amendments to the constitution reserved to full council, and quasi judicial matters (such as planning and licensing) dealt with by specific committees.

³ *The Coalition: Our programme for Government* (2010) p12

- b) This will mean that councils in England will have the freedom to decide what governance model to adopt, including the committee system.
- c) It would be for councils opting to operate the committee system to decide how to discharge their functions, subject to the requirement to have certain statutory committees, such as a licensing committee etc.
- d) Subject to the above, and any regulations made by the Secretary of State specifying that certain functions (e.g. decisions on the council's budget) should be for full council, councils operating the committee system will be able to decide to take all decisions in full council or delegate functions to committees, sub-committees or officers of the council. There will also be scope for such councils to decide that certain of their functions should be discharged jointly with any other council or by another council entirely.
- e) Councils choosing to operate the committee system will not be required to have an overview and scrutiny committee, under section 21 of the 2000 Act. It will be entirely open to such councils to decide what, if any, scrutiny arrangements to put in place. This could range from choosing to have an overview and scrutiny committee under the 2000 Act, to putting in place informal scrutiny arrangements, to having no internal overview and scrutiny.
- f) Removal of the current onerous procedures and requirements which apply to councils wishing to change their governance arrangements. These procedures will be replaced with the following minimum requirements. To ensure that councils do not repeatedly change their governance arrangements, which may lead to instability in the council, once a council adopts a governance model it cannot change it again by resolution, and without a referendum, for a further five years.
- g) As is currently the case, where a governance model (for example the mayor and cabinet model) has been adopted following a referendum, councils will only be able to change it as a result of a further referendum supporting that change. Local people will also continue to be able to instigate a binding referendum on changing their council's governance arrangements by presenting a petition signed by 5% of the local electorate to the council.
- h) Councils will also be able to choose to hold a referendum on proposals to change the governance arrangements, should they wish, however, save for the above requirements; they will not be required by statute to do so. Once a referendum has been held (no matter how it was instigated), however, a council will be prohibited from holding a further referendum for ten years.

Costs and benefits

6. These proposals will not place any new requirements on councils. Instead, the proposals are enabling, intended to enhance the choices and options available to councils when deciding what governance arrangements to adopt. Such decisions will quite rightly remain for the council to take. The proposals will result in no substantial change to the services provided by a council. Instead, they will enable councils to decide to deliver those services and discharge their functions in a different way, if they so choose, so that they are best placed to meet the needs of local residents. Thus, a key difficulty of assessing the impact of the proposals is that uptake of the new governance model, is discretionary – councils may choose to adopt this new model or not. However, in order to illustrate the possible impact of the proposal, this assessment makes a number of simplifying assumptions which are developed below.

HEADLINE ASSUMPTIONS

- 1) *There will be no significant change in the allowances paid to councillors or additional officer costs for councils adopting the committee system.*
7. There will be no increase in the number of councillors who sit on the council regardless of which governance model a council adopts. Therefore, in general, the assumption is that there will be no increase in councillors' allowances paid across the council. There may, of course, be some fluctuations between the amounts paid to each member, especially given that unlike under executive arrangements there will be no executive members with portfolios for specific services who are paid special responsibility allowances. However, under the committee system it is likely that committee chairs and their deputies would receive special responsibility allowances, so there should be overall no significant change in members' allowances. It will also be in each council's interests to ensure that councillors' allowances offer value for money to their local residents.
8. Equally, there is no expectation of any significant increase in the costs associated with servicing committees. Those councils currently operating alternative arrangements (a streamlined committee system) have on average 10 committees each (including overview and scrutiny committees). This compares to 17 committees on average per councils operating executive arrangements (based on a sample of councils across the different categories of council (e.g. met districts, county, shire districts, unitaries and London borough councils)). The difference between the number of committees can be explained, to a large extent, by the fact that upper-tier councils who operate executive arrangements are responsible for a greater array of local services and have more overview and scrutiny committees to hold to account the executive.
9. Analysis of the broader operational costs measure referred to in local government as 'corporate and democratic core expenditure' has been carried out to see if there are any significant differences between the governance models. Corporate and democratic core expenditure refers to the costs associated with democratic representation and management, such as councillors' allowances and expenses; as well as the costs of internal reorganisation and corporate management. An analysis of 11 councils which, whilst not presently required to operate executive governance arrangements, have chosen to adopt an executive model⁴ demonstrates that there were no significant cost changes associated with the change in governance model⁵. This estimate of costs is therefore based on the assumption that there will, save for transitional costs, be no significant additional operational or administrative costs for those councils who choose to operate the committee system.
- 2) *Some councils will adopt the committee system of governance*
10. The adoption of the committee system will be discretionary and it is reasonable to expect that some councils will wish to adopt it. For the purpose of estimating the costs of the policy it is assumed that between 5 to 10 per cent of councils in England will take up the committee system of governance. In reaching this assumption, take up levels of the directly elected mayor and cabinet model have been considered. (This model is the only alternative that is available to all councils to the predominant leader and cabinet model which the majority of councils operate). Approximately 3 per cent of councils in England (12) have adopted the directly elected mayor and cabinet model to date. Under the proposed new framework, the

⁴ These are Brighton and Hove, Eden, Mid Devon, North Shropshire, Castle Point, Adur, Cotswold, Fylde, Mole Valley, Rossendale, Rochford.

⁵ As a proportion of these councils' net expenditure, corporate and democratic core expenditure fell from an average of 6.6 per cent in 2008-09 to 6.2 per cent in 2009-10. This represents a relatively minor fall: between 2006-07 and 2007-08 (before the governance arrangement changes were made), corporate and democratic core expenditure as a proportion of net expenditure fell by 1.2 percentage points.

present onerous and burdensome procedures which apply to councils changing governance arrangements, and which may have prevented councils from moving to the mayoral model previously, will be removed so it may be reasonable to expect that a slightly higher minimum percentage of councils will adopt the committee system – approximately 5 per cent (17). At the same time, based on the assumption that there will be no operational cost advantages to councils of adopting the committee system, it is considered unlikely that greater than 10 per cent of councils (34) will choose to adopt the committee system.

3) Some councils wishing to adopt the committee system of governance will hold a referendum on the matter

11. Councils seeking to change governance model will only incur significant costs should they hold a referendum on the matter. Councils will be able to choose whether to hold a referendum on moving to the committee system, except where they receive a petition signed by 5% of the local electorate to hold a referendum on moving to the committee system, or the governance model the council operates was itself the subject of a referendum – in these circumstances a council would be required to hold a referendum. These circumstances will only apply to a handful of councils, the Government therefore does not expect a significant number of councils to be required to hold a referendum.
12. We have undertaken an analysis of 11 councils who are not presently required to operate executive arrangements, but have nevertheless chosen to do so⁶. We understand that in making this change, none of these councils held a referendum but instead undertook varying degrees of public consultation. While the experience of these councils suggests that councils on the whole will be unlikely to hold a referendum on the decision to change governance model, the Bill enables the largest councils, who may be more likely to hold a referendum due to greater public interest, to move to the committee system. It is estimated therefore that a positive, but small number of councils seeking to change governance model will hold referendums on the matter. For the purpose of providing an indication of costs this figure is estimated at no more than 10 per cent of those councils changing governance model.

COSTS

13. The main cost incurred will be transitional costs to councils of moving to the committee system. The Government does not intend to legislate to require councils to hold a referendum, unless the model currently operated by the council was itself subject to a referendum or a referendum has been instigated by a petition. Nor does it intend to require councils to consult local people and interested parties on proposals to move to the committee system; however, they may choose to do so if they wish. Holding a referendum or undertaking consultation would inevitably impose a cost on councils.
14. A referendum was held in 2005 on the establishment of an all-elected regional assembly in the North East of England. The costs of this process are reported in an Electoral Commission report (2005)⁷, p. 50. These costs, inflated to 2010 prices, suggest that the cost of a referendum could be from £78,300 for a lower tier authority, to £250,500 for a unitary authority (including metropolitan counties). 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. The referendum that these costs refer to was a postal referendum.

⁶ These are Brighton and Hove, Eden, Mid Devon, North Shropshire, Castle Point, Adur, Cotswold, Fylde, Mole Valley, Rossendale, Rochford.

⁷ 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.

15. A more recent estimate of costs comes from London Borough of Tower Hamlets, where estimates from the Chief Finance Officer suggest that the cost of holding a stand-alone mayoral referendum is estimated at up to £250,000. If combined with the council elections the additional cost is estimated at approximately £70,000⁸. A number of non-binding referendums on council tax have already been held, and can offer some guide to potential costs. A referendum on council tax in Milton Keynes in 1999 cost around £70,000; referendums in Bristol and Croydon in 2001 cost £120,000 and £150,000-200,000 respectively.
16. Based on the assumptions set out in paragraphs 11 and 12, it is estimated that between 17 and 34 councils will wish to change to the committee system of governance, of which up to 3 councils will hold a referendum on the matter. The total cost is equal to an estimated £0–£750,000.
17. As set out in paragraphs 7 to 9, it is assumed that there will be no significant additional costs associated with staffing, officer support or members' allowances for those councils who decide to move to the committee system. Other costs may include the redeployment of existing staff to service committees rather than executive members with portfolios for specific services, and other minor internal reorganisation.

BENEFITS

18. The main benefit of the policy would be that councils have more choice when deciding on their governance arrangements. This will enable councils to organise themselves internally so that they are best placed to meet the needs of their local residents.

RISKS

Lack of public understanding of council decision making and less accountability

19. It could be argued that allowing councils to adopt the committee system may lead to a lack of public understanding about how their council reaches decisions and who is accountable for them. However, as is the case currently, it will be for each council to ensure that local residents are aware of how the council operates, including making available information about the council's decision making structures and constitution.

⁸ Tower Hamlets (2009), Extraordinary council meeting 2 December 2009, agenda item 4, paragraph 14

Specific Impact Tests

20. The potential impact of allowing councils to return to the committee system on the following areas has been considered, in line with relevant guidance with the following conclusions.
- Statutory equality duties – An initial Equalities Impact Assessment screening has been undertaken with the assessment that there would be no impact.
 - Competition – The potential impact has been considered with the assessment that there would be no impact.
 - Small firms – The potential impact has been considered with the assessment that there would be no impact.
 - Greenhouse gas assessment – The potential impact has been considered with the assessment that there would be no impact.
 - Wider environmental issues – The potential impact has been considered with the assessment that there would be no impact.
 - Health and well-being – The potential impact has been considered with the assessment that there would be no impact.
 - Human rights – The potential impact has been considered with the assessment that there would be no impact.
 - Justice system – The potential impact has been considered with the assessment that there would be no impact.
 - Rural proofing – The potential impact has been considered with the assessment that there would be no impact.
 - Sustainable development – The potential impact has been considered with the assessment that there would be no impact.

Annexes

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

Annex 1: Post Implementation Review (PIR) Plan

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

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

The policy objectives are to provide councils with greater choice and flexibility when deciding on their governance arrangements. Therefore, the objective (or outputs) will be met once the Bill receives Royal Assent and the provisions have been implemented, and councils have an opportunity to act upon them.

Outcomes reflect whether local authorities feel empowered by the choice provided. The proposed PIR reflects this distinction. It is intended that longer-term outcomes for local authorities emanating from the introduction of policies within the Localism Bill could be measured through a possible panel of local authorities across the country to understand the impacts and value for money. This would be supplemented by some additional focused research to monitor local people’s opinion and experience of the Bill’s local democracy policies in action.

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 expected. A focussed monitoring exercise will allow an assessment of the extent to which local authorities chose to change their governance arrangements; a cross-cutting thematic review will consider how this and other linked policies designed to increase power for communities and better local services that will allow local authorities – and central government - to understand the impact of these new policies collectively upon their activities and outcomes achieved.

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 both the need for a PIR to be proportionate, and also taking advantage of the opportunity to brigade monitoring policies linked to local government and local democracy together with a view to make best use of the scarce resource available (both time and money), but increasing the opportunity for local authorities and the Government to understand the collective impact of these policies:

- (i) A focused, proportionate, response to the specific policies around governance structures which involves a survey of local authorities to ascertain which governance arrangements they are operating. It is envisaged that DCLG would take responsibility for this survey;
- (ii) A wider, but streamlined, approach to understanding the impact of the policies linked to local government and local democracy under the Localism Bill. A cost-effective way to identify these longer-term impacts might be through 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. Such a panel would seek to be representative of all authorities: geographically, structurally, politically and demographically, and foster shared understanding and learning about the implications of policies, and the opportunities they present to increase local authority effectiveness. This could be supplemented by research on public opinion and experience of the policies' application.

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

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

The baseline reflects the current governance arrangements which local authorities are operating at the point of implementation of the policy.

The impact of the policy is reflected both in the governance arrangements adopted by local authorities (output) but also their increased sense of choice about how they wish to govern themselves (outcome).

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]

Change in governance arrangements is not, of itself, a sufficient success criteria, (though it is important) since local authorities may *choose* to remain with their existing arrangements. Success reflects the extent to which local authorities (and their local areas) perceive that they have greater freedom to choose their governance arrangements and the perception that these choices permit them to be more effective, efficient and accountable to their local electorate.

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 is two-fold:

- (a) Survey, by DCLG, of the governance arrangements adopted by local authorities;
- (b) Longer-term review, through a panel of local authorities and focused research on the perceptions and impacts of policies across the Localism Bill among local communities within these local authority areas.

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

N/A

