



Local Government and Public Involvement in  
Health Act 2007  
**Regulatory Impact Assessment**



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May 2008

Product Code: 07 LGSR 05129

# Local Government and Public Involvement in Health Act 2007

## Regulatory Impact Assessment (RIA)

### Title of proposal

Local Government and Public Involvement in Health Act

### Purpose and intended effect

The Local Government and Public Involvement in Health Act 2007 seeks to introduce a range of devolutionary and deregulatory measures to ensure a local government system in England that:

- gives local people more influence over the services and decisions that affect their communities;
- provides effective and accountable strategic leadership;
- Operates in a performance framework – for local authorities working alone or in partnership – which supports citizen empowerment and secures better outcomes for all; and
- leads local partnerships to provide better services for citizens.

These core objectives emanate from the recently published Local Government White Paper (*Strong and Prosperous Communities*) on which the majority of the legislative measures in this Act are based. The policy areas and related legislative measures are set out in more detail, grouped by core objective, at Annex A (page 16).

The Local Government and Public Involvement in Health Act also seeks to make specific provision for Wales.

### **Background**

Since 1997 the Government has introduced significant reforms to local government in England in order to improve its performance, including:

**Best value:** Introduced in the Local Government Act 1999, best value required all local authorities and other best value authorities to secure continuous improvement in the exercise of their functions with regard to economy, efficiency and effectiveness. It also required councils to put in place the elements necessary for effective performance management; planning, monitoring, measuring and reporting of performance, and regular review and challenge of service delivery. The Act also provided for independent inspection to assess the effectiveness of these measures, and required authorities to consult the public and interested parties on how services should be delivered;

**Comprehensive Performance Assessment:** Since 2002, councils have been assessed and their performance compared through Comprehensive Performance Assessment (CPA). CPA provides an independent picture of a council's performance, corporate capacity and effectiveness. This has provided the basis for a tailored approach to different areas, with greater freedom and flexibility for the good performers, and closer engagement and intervention for the poorest performers;

**New decision making structures:** The Local Government Act 2000 radically overhauled the decision making structures and accountability mechanisms in local government. Central to these reforms was the clear separation between executive councillors – 3 to 10 councillors in an authority (with the option that these might operate under a directly elected Mayor) and the majority of council members;

**Power of wellbeing:** The Local Government Act 2000 gave local authorities a general power to do anything likely to promote the economic, environmental or social wellbeing of their area; giving them significant freedom to act to improve their area.

## Rationale for government intervention

There have been significant improvements in the performance of local government since 1997. For instance there was a 15.1% increase in a representative basket of best value performance indicator scores between 2000/01 and 2004/05,<sup>1</sup> and in the four years it has been in existence the Comprehensive Performance Assessment (CPA) has measured significant improvements with two thirds of councils now scoring 3 or 4 stars out of 4.<sup>2</sup>

However, issues still remain. Despite the improvements in their performance public satisfaction with local authorities remains low.<sup>3</sup> This is reinforced by the fact that 61% of citizens feel that they have no influence over decisions affecting their local areas.<sup>4</sup> This strongly suggests that local authorities and the services they and their partners provide are not sufficiently responsive to the needs and priorities of the communities they serve.

<sup>1</sup> Local and Regional Government Research Unit, Communities and Local Government 2006 analysis

<sup>2</sup> CPA – *The Harder Test, Scores and Analysis of Performance in Single Tier and County Councils 2005* Audit Commission, 2005.

<sup>3</sup> Overall 55% of the public were satisfied with the performance of their local authority in the 2003/04 BVPI satisfaction surveys. This declined from 65% in the equivalent surveys in 2000/01.

<sup>4</sup> 2005 Citizenship Survey: active communities topic report, Communities and Local Government 2006.

It is clear that the reforms to council's leadership structures introduced in 2000 have resulted in significant improvements in local strategic leadership, particularly in areas that have adopted directly elected mayors.<sup>5</sup> However, not all authorities have fully embraced the opportunities available to them to provide strong leadership in their area. The government is also aware that in some areas with a two-tier structure, in other words an area covered by both county and district councils, there is a growing consensus that the current structures are confusing and a bar to delivering services efficiently.

There is growing evidence that the performance framework for local government, despite its success in driving improvements in performance, must now change. For local government and its partners, the performance framework often appears:

- un-balanced – with 80% of the reporting effort focused on meeting top-down requirements rather than the needs of local management;<sup>6</sup> and
- burdensome – with approximately 600 performance items requested by Government and inspectorates including: plans, inspections, performance indicators, data returns, and monitoring arrangements.<sup>7</sup>

The Government therefore wants to see a streamlining and rebalancing of the performance framework with a greater focus on the citizen experience and local partnership working, rather than central targets, as the main drivers for improvement.

The introduction of Local Area Agreements (LAAs) and Local Strategic Partnerships (LSPs) has resulted in a framework that many areas are using to deliver better partnership working and more joined up services. However, services are often still being delivered in isolation, partly as a result of differing national targets imposed on separate service providers. This makes it very difficult for local agencies to tackle big cross-cutting problems such as those relating to social exclusion, community cohesion and climate change. As a result, links between the vision set out in a Sustainable Community Strategy drawn up in partnership by an LSP and the mechanisms for delivering the services needed to secure this vision often remain weak.

Citizens' expectations of public services also continue to rise. People are now accustomed to greater choice and convenience in all walks of life, and do not accept that public services should be different.<sup>8</sup> They expect access to services in ways which fit round their daily activities, a range of methods of payment, and a wider choice of products. Such expectations can only be met by designing services around the needs

<sup>5</sup> *Meta-evaluation of the Local Government Modernisation Agenda: Progress Report on Service Improvement in Local Government, DCLG, 2005; Councillors, Officers and Stakeholders in the New Council Constitutions: Findings from the 2005 ELG Sample Survey, Communities and Local Government 2006.*

<sup>6</sup> *Mapping the Local Government Performance Landscape, Communities and Local Government, 2006; Meta-evaluation of the Local Government Modernisation Agenda: Progress Report on Service Improvement in Local Government, Communities and Local Government, 2005*

<sup>7</sup> *Ibid.*

<sup>8</sup> *Perceptions of Local Government in England: key findings from qualitative research, Communities and Local Government, 2006.*

of citizens, rather than around the traditional delivery channels of service providers. This in turn requires greater flexibility at the local level, to identify needs and to plan delivery.

Local government has been extremely successful in recent years in obtaining efficiency savings in how it does its business, exceeding the targets set for it in the last comprehensive spending review in 2004. However, many of the easy gains have now been identified, and in a tightening financial climate local authorities will have to continue to focus on using innovative new ways of working to obtain better value for money for the taxpayer.

## Consultation

### **Within government**

We have contacted all of the devolved administrations and worked with the Welsh Assembly Government in drawing up the Act. All government departments with an interest in the contents of the White Paper and Act have been consulted, including:

Cabinet Office

Department for Constitutional Affairs

Department for Culture, Media and Sport

Department for Education and Skills

Department for Environment, Food and Rural Affairs

Department for Health Department for Trade and Industry

Department for Transport Department for Work and Pensions HM Treasury Home Office

Several of the *Local:Vision* documents (see below) were jointly published with other departments.

### **Public consultation**

The policy development process leading to the proposals in the recently published Local Government White Paper and subsequently the measures in this Act has been extensive.

Since 2004 we have consulted a wide range of stakeholder and other interest groups on the future of local government, through a number of different media.

## PUBLICATIONS

We have published a series of discussion and consultation documents under the *local:vision* brand setting out ideas for discussion and consultation across a range of the issues covered in the White Paper. They included:

July 2004 – *The future of local government – developing a 10 year vision* – Initial discussion document to launch the debate on the future of local government.

July 2004 – Prospectus on *Local Area Agreements* – Proposals to develop and pilot Local Area Agreements which represent a radical new approach to improve co-ordination between central and local government and their partners with the aim to improve the delivery of local services.

Jan 2005 – *Vibrant Local Leadership* – Proposals on how to develop the role of councils and councillors in leading the community, experimentation in governance models and leadership arrangements.

- Jan 2005 – *Citizen Engagement and Public Services: Why Neighbourhoods Matter* – Proposals on how to empower people to take action in their neighbourhoods and to help shape the services they receive – jointly published with the Home Office.
- March 2005 – *Securing better outcomes: developing a new performance framework* – Outlines ideas for the development of a new performance framework for local government to secure improvement in public service delivery – jointly published with HM Treasury.
- November 2005 – *Inspection Reform: The Future of Local Services Inspection* – consultation document on the future of the inspection of local services.
- December 2005 – *Local Strategic Partnerships: Shaping their future – a consultation paper*.
- February 2006 – *'Empowerment and the deal for devolution'* – a discussion document. It contains a transcript of a speech given by the Rt Hon David Miliband MP, Minister of Communities and Local Government, on 18 January 2006 to the New Local Government Network's Annual Conference.

A full list of all *local:vision* documents published as part of the debate on the future of local government is available from the *local:vision* website at:

[www.communities.gov.uk/index.asp?id=1137794](http://www.communities.gov.uk/index.asp?id=1137794)

## STAKEHOLDER EVENTS

We have organised a series of seminars and workshops for representatives of interested external stakeholder groups ranging from local government colleagues to the voluntary and community and business sectors. Events have included:

- Ministerial and Official participation at a range of externally organised conferences and seminars, covering a range of target audiences;
- Briefing events at the regional level organised by the Department and aimed at local government and partner organisations;
- Seminars on specific elements of the emerging White Paper policy, such as neighbourhoods and in a leader and place-shaper role, as well as seminars aimed at specific target audiences, such as an equalities event;
- Focus group activity with stakeholders groups including the general public; and
- Keynote speeches at conferences of national importance including the 2006 Local Government Association Annual Conference.

### **NEW MEDIA**

In addition to the ongoing dedicated *local:vision* website, ODPM and the Department has hosted a web discussion board covering a number of topics at [www.localvisionforum.net](http://www.localvisionforum.net) open to the public and those representing stakeholder groups.

The consultation was drawn to a close and the Government's vision for the future of local government laid out with the Local Government White Paper published on 26 October 2006. A copy of the White Paper can be found at [www.communities.gov.uk/strongprosperouscommunitieswp](http://www.communities.gov.uk/strongprosperouscommunitieswp)

## Options

The Act will implement a number of the proposals expressed in the recent Local Government White Paper as well as a number of other deregulatory and devolutionary measures. Therefore the majority of policy proposals being legislated on in this Act are covered by the RIA for the Local Government White Paper [www.communities.gov.uk/index.asp?id=1504070](http://www.communities.gov.uk/index.asp?id=1504070). Consequently this RIA does not attempt to set out again those alternative options that have been considered and rejected in the past for the different proposals. Instead the attachment at Annex A (page 17) presents a summary of the key provisions contained in the Act and supporting analysis and argument.

All provisions in the Act went through the process of screening or an initial RIA so a clear understanding of the possible impacts of these measures could be obtained. The following provisions were deemed as having negligible impact and therefore required no further analysis, so do not form part of this RIA:

- Amendments to the Local Government Act 2003 on guidance
- Amendments to Deregulation & Contracting Out Act 1994

- Amendments to Part V of the LG&HA 1989
- Valuation Tribunal Reform
- Ethical Standards
- Byelaws

However four areas in the Act which were not included in the White Paper do require an RIA:

- Grant Making Powers;
- Changes to 6 provisions of the Audit Commission Act 1998 and to provide an additional power to improve and update the legislation;
- Associated changes to the Audit Commission Act 1998 with respect to the Audit Commission and Benefit Fraud Inspectorate merger;
- Future Structures for Patient and Public Involvement;
- Provision of Joint Waste Authorities; and
- Improvements to commissioning for health and wellbeing through a Joint Strategic Needs Assessment.

These RIAs are attached at the end of this document in the miscellaneous section at Annex B (page 27).

## Costs and benefits

### **Sectors and groups affected**

The majority of the proposals set out in the Act will only have a direct impact on local government.

Some will have an impact on other sectors, including:

- public sector agencies that operate at a local level, for instance primary care trusts – particularly in relation to reforms to overview and scrutiny, Local Strategic Partnerships, Local Area Agreements, and the performance framework;
- citizens and community groups, particularly in relation to the proposals around empowered communities and responsive services; and
- private and third sector bodies who provide services for councils, particularly in relation to the proposals around local strategic partnerships, and efficiency and commissioning.

### **RACE EQUALITY ASSESSMENT**

The provisions in this Act went through an initial Race Equality Impact Assessment (REIA) screening and those requiring a REIA are covered by the assessment completed for the White Paper. This can be found in the White Paper RIA Annex at [www.communities.gov.uk/index.asp?id=1504070](http://www.communities.gov.uk/index.asp?id=1504070). In summary the REIA found that the White Paper does not introduce any unlawful direct discrimination.

### **HEALTH IMPACT ASSESSMENT**

Where appropriate the health impact of the proposals is set out in the relevant section of the attached table at Annex A (page 16).

Overall there should be no adverse health impacts as a result of the measures in the Act.

### **RURAL CONSIDERATIONS**

Where appropriate the potential rural impacts of the proposals are set out in the relevant section of the attached table at Annex A (page 16).

Overall the move towards greater flexibility for local authorities in how they deliver should make it easier for rural authorities to respond to the particular characteristics and needs of their area.

### **BREAKDOWN OF COSTS AND BENEFITS**

A breakdown of the costs and benefits for the key provisions is set out in the attached Annexes.

## Costs

### **Economic**

There should be no direct fiscal costs to the private or third sectors from the measures in the Act. There may be some non-fiscal costs to business and the voluntary and community sectors in terms of extra time spent engaging with local government and service providers. However these should be mitigated by the drive to rationalise local partnership arrangements and to better co-ordinate consultation and engagement activity between public sector partners.

The majority of the measures in the Act are about getting better value for money from existing programmes. There will be some fiscal costs for the public sector. The vast majority of these will fall initially on local government; although these will be offset by savings elsewhere (see below). The Government remains committed to ensuring that it does not place unfunded new burdens upon local authorities. The table below sets out the costs to central government, including any new burdens

on local authorities, by objective. The costs of restructuring two tier areas have been excluded (see below).

<b>Costs (£ to the nearest million) to the public sector</b>							
<b>Financial Year</b>	<b>Responsive services and empowered communities</b>	<b>Governance</b>	<b>Leader and place-shaper of local services</b>	<b>Performance Framework</b>		<b>Gross Costs – excluding un-quantified savings</b>	<b>Net cost – including total Performance Framework savings</b>
				<b>Inspection and Best value</b>	<b>Other elements eg. national indicator set*</b>		
07-08	0	0	0	0	0	0	0
08-09	5	25	2	-15	0	17	17
09-10	51	26	2	-33	<-46	45	0
10-11	52	27	2	-37	<-45	45	0
11-12	53	25	2	-38	<-43	42	0
12-13	54	26	2	-39	<-43	43	0

\* These costs cannot yet be quantified, however we are confident that the savings will be greater than the gross costs of the other parts of the white paper.

The above table has been updated to reflect the fact that we are removing the requirement to produce Best Value Performance Plans (£16m saving p.a.) from 2008/09 – as per the Local Government White Paper Implementation Plan<sup>9</sup> – rather than 2009/10 as given in the previous RIA accompanying introduction of the Act to the Commons. The Government is committed to ensuring the remaining £17m cost on Local Authorities in 2008/09 is funded, and are assessing whether the new streamlined Local Government Performance Framework – which will be gradually phased in throughout that year – could contribute to this.

There will also be upfront transitional costs for those authorities in two tier areas that choose to move to a unitary structure. Any restructuring proposal must meet the affordability criteria; this requires authorities to demonstrate that any restructuring

<sup>9</sup> Making it happen: the Local Government White Paper Implementation Plan, Jan 2007.

delivers value for money and is self-financing. Transitional costs must be offset by savings over a maximum of 5 years. All costs will have to be met locally without increasing council tax, they will not be met by central government.

We expect that the transitional costs for moving from a two tier structure to a single county unitary will be in the region of £12m spread over three years (for more information see the table on objective 2 at Annex A (page 20)). At the time this RIA was produced it was not possible to predict how many areas would restructure, as this will depend on the prevailing fiscal position and the risks around the estimated costs of implementation when we come to make a final assessment of proposals following consultation. Therefore the transitional costs for restructuring have not been included in the overall cost figures set out below.

### **Environmental and social**

There should be no significant new social or environmental costs arising from the measures in the Act.

## **Benefits**

### **Economic**

There will be benefits to local and central government both in terms of money and staff time as a result of the reforms to the performance framework.

The fiscal savings that can currently be quantified are set out in the table in the costs section above.

The numbers of national targets and indicators that local government will need to report on to central government will be significantly reduced. This should result in significant savings for local authorities and central government, and are expected to offset the costs identified above from 2009/10. However, as these new targets and indicators will be developed as part of the forthcoming comprehensive spending review these benefits cannot currently be quantified specifically but will substantially cover the costs of other proposals in the Act.

There should be ongoing savings to the resulting local authorities in those two tier areas that restructure. Estimated annual savings in the costs of being in business of in the region of £10m per county area from year 3 onwards. Potential for further savings in the medium to longer term as a result of service re-engineering will follow restructuring. Once transitional costs have been paid back these will be ongoing savings for the authority concerned. More importantly the new structures should result in stronger strategic leadership for the area and better co-ordination of service delivery.

## Environmental

There should be no significant new environmental costs arising from the measures in the Act.

The performance framework should pick up on environmental issues, which ought to be for the benefit of the environment.

## Social

There will be significant social benefits arising from the expected rise in engagement and empowerment of citizens and communities by local government. This will be both in terms of enhanced service delivery and higher levels of public trust and satisfaction in service providers.<sup>10</sup>

There should be similar benefits in terms of improved service delivery from improved partnership working at the local level.

## Small Firms' Impact Test (SFIT)

The majority of the measures in the Act will only affect the public sector. Overall there should be no negative impact on small firms as a result of this Act.

## Competition assessment

The majority of measures in the Act will only affect the public sector. There will be no adverse effect on competition.

## Enforcement, sanctions and monitoring

Monitoring of the implementation of the proposals by local government will generally be through the new performance framework set out in the table on Objective 3 in the Annex A (page 23). In particular through the monitoring of progress against national targets and indicators; and the annual risk assessments and other inspections carried out by the Audit Commission and other inspectorates.

There is no intention to create any new criminal sanctions as a result of this Act.

<sup>10</sup> For evidence of the ability of empowerment to improve services see Audit Commission/Housing Corporation report Housing: improving services through resident involvement, (2004); and also the NAO report, English Regions – Getting Citizens Involved: Community Participation in Neighbourhood Renewal (2004) For evidence of how engagement can improve trust see ODPM, New Deal for Communities 2001-2005: An interim evaluation. Research Report 17, (2005).

## Implementation and delivery plan

Reviews of:

- community management and ownership of assets;
- incentives and barriers to serving on councils – to support the efforts of the political parties to recruit more diverse and representative councillors.

Work with stakeholders to determine how best to meet policy and legislative aims, including where there is a need for any consolidated and light-touch statutory guidance including on:

- the revised best value duty, including community participation, commissioning and competition, and third sector funding;
- the Community Call for Action, Overview and Scrutiny and governance reforms;
- Local Strategic Partnerships, Sustainable Community Strategies and Local Area Agreements.

Create a performance framework that supports citizen involvement and secures better outcomes through:

- the establishment of an agreed set of national priority outcomes measured through a single set of national indicators as part of the Comprehensive Spending Review 2007;
- development of proposals for a new small set of national citizen satisfaction and perspective indicators and a wider voluntary set;
- exploration with local authorities and other stakeholders how to improve information management including streamlining national reporting systems, ensuring data quality and supporting the development of local information systems;
- negotiation and implementation of burden reduction packages via the Lifting Burdens Task Force;
- work with the Local Government Association in developing sectoral improvement support and challenge;
- work with the Audit Commission and other relevant inspectorates to develop and trial a methodology for the new annual risk assessment and to update the Use of Resources and Direction of Travel judgements to deliver the new Comprehensive Area Assessment;
- work with the Audit Commission to ensure that audit and inspection have a greater focus on citizen experience and perspectives and to make the results of audit, assessment and inspection more publicly accessible;
- ensuring Government Offices have the necessary skills and capacity, through the implementation of the Review of Government Offices;

- agree with the Local Government Association a national improvement strategy to get best value for money and impact from investment in improvement support and capacity building;
- work to align and coordinate existing frameworks for improvement and intervention focused on distinct service areas, local partners or partnerships.

Achieve greater efficiency through the transformation of local services through:

- work with local government to support and spread best practice on business process improvement techniques; co-ordination and joining-up of services;
- responsiveness to citizens; citizen authentication; e-procurement and e-auctions; fair and open competition; and the development of the local government services market.

Increase take-up of community empowerment opportunities, by:

- introducing a fund to give local authorities capital support in refurbishing buildings to facilitate their transfer to community management and ownership;
- working with local government and other partners to improve take-up of community empowerment.

## Post-implementation review

We will monitor and evaluate the effectiveness and impact of the measures in the Act. Information about policy evaluations, along with other research commissioned by Communities and Local Government, can be found on the Department's website.<sup>11</sup>

On restructuring, effectiveness post implementation will be reviewed through an on-going dialogue between central and local government. The Government will monitor and evaluate the effectiveness and impact of these policies in line with its commitment to evidence based policies and reviews.

We expect all such proposals to be subject to independent long term (e.g. 5 year) evaluation. Both this evaluation and that of the improved two tier pathfinders will need to consider the processes of change (e.g. their effectiveness and efficiency) and the emerging outcomes being delivered. Until it has received and considered the results of these evaluations, it is the Government's firm intention not to consider the possibility of any further restructuring after implementing proposals resulting from the current invitation.

<sup>11</sup> [www.communities.gov.uk/index.asp?id=1136805](http://www.communities.gov.uk/index.asp?id=1136805)

## Wales

The Local Government and Public Involvement in Health Act contains framework powers conferring legislative competence on the National Assembly for Wales in respect of the core objectives in this Act. This will enable the National Assembly to adopt Assembly Measures in accordance with the Government of Wales Act 2006. Assembly procedures will specify any requirements for Regulatory Impact Assessments in respect of draft Measures brought forward.

## Summary and recommendation

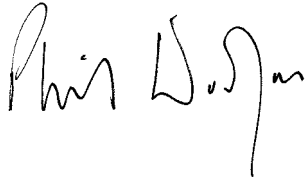
The Government believes, as a result of the evidence compiled, that the provisions set out in this RIA will ensure a local government system in England that:

- gives local people more influence over the services and decisions that affect their communities;
- provides effective and accountable strategic leadership;
- operates in a performance framework – for local authorities working alone or in partnership – which supports citizen empowerment and secures better outcomes for all; and
- leads local partnerships to provide better services for citizens.

The Net cost to the public sector emanating from the Act will be approximately £17m in 2008/09 and zero costs thereafter: savings will be made for local authorities and central government from reduction in national targets and indicators and reforms to the performance framework. Moreover, measures will facilitate improved engagement and empowerment of users and communities and more responsive and efficient local services.

## Declaration and publication

*I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs.*

A handwritten signature in black ink, appearing to read 'Phil Woolas'.

Phil Woolas

*Minister of State for Local Government and Community Cohesion Communities and Local Government*

11 December 2006

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## Annex A: Summary of Costs and Benefits by Objective

<b>Objective 1: To give local people more influence over the services and decisions that affect their communities</b>					
<b>Policy Area</b>	<b>Policy</b>	<b>Legislative Measures</b>	<b>Costs</b>	<b>Benefits</b>	<b>Rationale/Notes</b>
<p><b>Responsive services and empowered communities</b></p> <p>The Government has taken a number of steps to try and make local services more responsive to the needs of citizens and communities. The Local Government Act 1999 placed best value authorities under a duty to consult with service users, residents and other relevant people for the purposes of deciding how to fulfil</p>	<p><b>Best Value – duty to ensure the involvement of representatives of local people in best value authority activities</b></p> <p>We wish to see authorities actively engaging citizens and communities about the policies and services in their local area. This will lead to local policies and services shaped around community needs and aspirations ensuring more efficient economic and effective performance. It will also lead to greater community engagement in the democratic process</p>	<p>Will insert a new section 3A into the Local Government Act 1999, placing a duty on best value authorities in England, except police authorities, to involve representatives of local persons in the exercise of authority functions where appropriate</p> <p>Authorities will need to consider, if and how, local representatives should be informed, consulted and/or involved in authority activities. It will be for the authorities themselves to determine the most appropriate means of involvement, whilst having regard to any guidance issued by the Secretary of State.</p>	<p>Burden on authorities – the new duty will place a burden on authorities (the estimated cost of meeting the new duty is approximately £45m pa spread across all authorities). However, the duty will not come into force until the new performance framework has been introduced. The new performance framework will lead to a significant reduction in costs and these savings will be used to offset the cost of the new duty.</p>	<p>Authorities more accountable to local people – authorities are more in touch with its people and local people make voices heard holding authorities to account</p> <p>Services which are more efficient and effective – authorities further improve services, building them around the needs and aspirations of citizens</p> <p>Re-engagement of communities – increased engagement by community with the authority and democratic processes</p>	<p>Despite many success stories, many people still feel that they have little or no influence over the public bodies which affect their everyday lives and play little part in local decision-making:</p> <ul style="list-style-type: none"> <li>• 61 % of citizens feel that they have no influence over decisions affecting their local areas;<sup>12</sup></li> <li>• only around a third of the population vote in local elections, and of those who do not vote, 41 % claim that it is because they do not think it will make a difference;<sup>13</sup></li> </ul>

<sup>12</sup> 2005 Citizenship Survey: active communities report, Communities and Local Government, 2006

<sup>13</sup> NOP poll for the Electoral Commission 2002 of 1281 respondents of whom 652 or 67% said they had not voted in the preceding week

## Objective 1: To give local people more influence over the services and decisions that affect their communities (cont.)

Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
<p>their duty to secure continuous improvement in the discharge of their functions. Best value authorities are not required to take the involvement of users, residents and other relevant people any further.</p> <p>Currently members of the public can complain to the Local Government Ombudsman if they feel they have been a victim of maladministration by their council, in other words if the local authority has acted improperly.</p>		<p>To amend Section 3 of the Local Government Act 1999 (LGA 1999) so that the Secretary of State can issue statutory guidance on the application of the general duty of Best value.</p>	<p>Risk that such provisions will empower those who are already vocal and active, particularly to the detriment of those who do not have a voice such as the socially excluded and disadvantaged</p>	<p>Offers opportunity for achieving greater equity – particularly where coupled with wider package of work which includes supporting people and the socially excluded.</p> <p>Better services and policies – built around the needs of citizens and communities.</p> <p>Direct avenue for communities to raise issues/ideas – citizens and service users get involved as they are more confident of its potential impact on services/policies and assured of receiving feedback on how the authority has taken on their views</p>	<ul style="list-style-type: none"> <li>only 8% of the population are involved in local decision making (including the 2% who have formal decision making roles, such as councillors and magistrates).<sup>14</sup></li> </ul> <p>Although political decisions have a major impact on what is done to tackle deprivations, only 35% of those living in the 10% most deprived neighbourhoods say they are interested in politics, compared to 69% of people living in the 10% least deprived.<sup>15</sup></p>

<sup>14</sup> 2005 Citizenship Survey: active communities report, Communities and Local Government, 2006

<sup>15</sup> Election 2005 turnout: how many, who and why?, Electoral Commission, 2005

Objective 1: To give local people more influence over the services and decisions that affect their communities (cont.)					
Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
				Potential to increase satisfaction – there are strong links between satisfaction with the local authority and feelings of influence over decisions affecting local areas	Despite the improvements in their performance the public's satisfaction with local authorities remains low. A recent survey found that only 42% of people were satisfied with the performance of their local council. <sup>16</sup>
	<p><b>“Community Call for Action” (CCfA)</b></p> <p>To provide a mechanism to enable a person or persons to require their local authority to consider an issue which is causing concern to the community</p>	<p>Provide that a local councillor may decide whether a complaint from a person/s living or working in an area should be taken forward as a CCfA.</p> <p>If taken forward, a councillor may be able to use resources made available by local authorities to sort out persistent minor problems or require their authority's overview and scrutiny committee to consider an issue</p> <p>The matter should be referred in writing (or at a formally convened meeting); and would be able formally to call for action in relation to any such</p>	<p>It is expected that the CCfA will cost about £3-4m pa. These costs arise from increased work for councillors, overview and scrutiny committees, and the officers supporting them. Estimates are based on benchmarking of existing processes within local authorities.</p> <p>There will be training costs for ward councillors to be able to fill this new role effectively. These will be met by a refocusing of the existing work being funded by DCLG develop the capabilities and capacity of local councillors.</p>	<p>It is anticipated that most CCfAs would concern environmental problems.</p> <p>The CCfA would help resolve environmental problems that had not been resolved by other methods.</p> <p>The social benefits would be that people would feel more positive, more empowered and able to influence.</p> <p>It may encourage people to become more involved in the mechanisms of government and become generally more active within their communities.</p>	<p>At present, when traditional complaint procedures fail to resolve issues, there are no options to enable the complainant to take the matter forward. Government wishes to provide an additional redress mechanism for issues of community concern which exploit, and indeed reinforce, the role of elected councillors as effective advocates for the communities they represent.</p> <p>The impact of the Police and Justice Act 2006 is a matter for the Home Office.</p>

<sup>16</sup> User Satisfaction and Local Government Service Provision: A National Survey, Communities and Local Government, 2006

**Objective 1: To give local people more influence over the services and decisions that affect their communities (cont.)**

Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
		issues of community concern . The community call for action would set out the issue being raised (e.g. a failure of a particular service), the community affected by the issue and a request for the issue to be resolved. The approach is designed primarily as a safety net to tackle failures of existing services complaints systems, but is available for use in relation to any local government matter.		It would raise the profile of the ward councillor and possibly encourage more people to become Councillors.	
	<p><b>Community governance arrangements</b></p> <p>To modernise and broaden community governance arrangements, so that they provide a sound framework for communities to have a clear democratic voice in their dealings with local authorities and other service providers; and</p>	<p>As a deregulatory measure, to make it easier for parishes to be created, devolving responsibility for decisions from the Secretary of State to district and unitary authorities; and London Boroughs ('reviewing authorities');</p> <p>Allow the creation of parish councils in London (which is a Manifesto Commitment).</p>	Parishes – total estimated cost of community governance reviews including London approx. £300,000.	<p>Huge social benefits <b>(though, by their nature, not possible to quantify)</b>. This package will empower citizens with greater influence over local decisions.</p> <p>Potential economic, environmental and social benefits for Quality Parish Councils with Wellbeing Power</p>	The Government is publicly committed to empowering citizens. A key way it can do this is to create a framework for the most local tier of governance, which is flexible enough to be attractive to all citizens.

**Objective 1: To give local people more influence over the services and decisions that affect their communities (cont.)**

Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
	<p>for communities/ community groups to manage their own affairs. To achieve this we wish to introduce a package of measures described.</p>	<p>Permit reviewing authorities to put in place governance arrangements other than parish councils where they see fit;</p> <p>Empower some parish councils (i.e. Quality Parish councils) by allowing them undertake any activity (and incur associated expenditure) that supports the economic, social or environmental “well-being” of their area;</p> <p>Make parish councils more relevant and attractive to citizens by:</p> <ul style="list-style-type: none"> <li>• allowing additional alternative names for parish councils;</li> <li>• allowing additional alternative names for parish councils;</li> </ul>			

**Objective 1: To give local people more influence over the services and decisions that affect their communities (cont.)**

Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
		<ul style="list-style-type: none"> <li>• increasing from 200 to 1000 local government electors the upper limit for which an authority can decide that the governance arrangement for a parish should be a parish meeting instead of a parish council; and re-designating such meetings "community forums", to distinguish them from the parish meetings which parish councils regularly hold.</li> <li>• encouraging the co-option of people, by virtue of their role in the community, onto parish councils.</li> </ul>			

Objective 2: To ensure Local Government that provides effective and accountable strategic leadership					
Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
Governance	<p><b>Structure and boundaries of local government</b></p> <p>To allow local authorities the option to seek unitary status which will assist the:</p> <ul style="list-style-type: none"> <li>• remove public confusion over local authorities' responsibilities in two tier areas;</li> <li>• provide stronger leadership in two tier areas;</li> <li>• remove the duplication, inefficiency and co-ordination failures that can result from the split responsibilities in two tiers areas;</li> <li>• improve partnership working between local authorities and their partners in two tier areas.</li> </ul>	<p>To provide a new mechanism which will allow the Secretary of State to invite local authorities in England to make proposals for structural change which, if accepted with or without modification, will be implemented through secondary legislation.</p> <p>The SoS will have power to direct authorities to make proposals for unitary structures up to 25 January 2008. The intention is that this direction making power will be used to enable action to be taken in the immediate follow-up to this current invitation process. That is, to deal with residual areas to make a unitarisation proposal work.</p> <p>To enable the Boundary Committee for England, either on its own initiative or at the request</p>	<p>Any restructuring proposal must meet the affordability criteria; this requires authorities to demonstrate that any restructuring delivers value for money and is self-financing. Transitional costs must be offset by savings over a maximum of 5 years. All costs will have to be met locally without increasing council tax, they will not be met by central government.</p> <p>Estimated upfront initial transitional costs of in the region of £12m per county area undergoing restructuring, spread over three years. <i>[It should be noted that these estimates are broad brush and relate only to the costs of being in business – i.e. those costs that an authority incurs because it is responsible for a range of functions and would</i></p>	<p>Estimated annual savings in the costs of being in business of in the region of £10m per county area from year 3 onwards. Potential for further savings in the medium to longer term as a result of service re-engineering following restructuring.</p> <p><i>These figures do not attempt to predict the full range of costs and savings arising from restructuring, which are not realisable until services are reconfigured. It is impossible to model the potential 'service delivery reconfiguration' costs and savings given that they are dependent on the individual starting point in any one particular area and the decisions that will be taken by the new authority on service provision according to local circumstance and need</i></p>	<p>There is no doubt that good local authorities can make the two-tier system work – by working together and having common goals and priorities (although this in itself can be difficult to achieve). So whilst there are good councils providing good service to their communities, in many areas they are doing so despite the two tier system rather than because of it.</p> <p>The experience of the restructuring in the 1990s indicates that the current process for changing boundaries is lengthy and divisive. It is also not possible to keep the boundaries of local authorities under review to ensure they continue to reflect the shifting populations of the communities they represent.</p>

## Objective 2: To ensure Local Government that provides effective and accountable strategic leadership (cont.)

Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
		of the Secretary of State or a local authority to conduct a review of one or more local government areas. The provisions will allow the Committee to make recommendations to the Secretary of State on boundary change. However, the Committee are prohibited from making recommendations on boundary change which would result in structural change. The Secretary of State may implement these recommendations through secondary legislation.	<p><i>be incurred irrespective of the level of services required or delivered. The costs of being in business relate overall to approximately 1-2% of total local authority spend]</i></p> <ul style="list-style-type: none"> <li>• Up to £2m pa for directly elected executives</li> <li>• £25m pa for enhanced overview and scrutiny</li> <li>• Around £0.5m pa for local service providers to comply with overview</li> </ul>		

Objective 2: To ensure Local Government that provides effective and accountable strategic leadership					
Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
	<p><b>Governance And Electoral Arrangements</b></p> <p>To ensure local authority governance and electoral arrangements provide strong leadership and accountability/scrutiny – so that local authorities are capable of shaping places, creating a vision for the future which is shared by local communities, and secure its successful delivery – and to simplify electoral arrangements so that electors understand when they should vote and what they are voting for, so improving voter turnout and engagement in the democratic process.</p>	<p>To implement changes in the arrangements for the governance of local authorities for the purpose of securing more effective local leadership. To enable local authorities to move to all out elections every 4 years if they wish and adopt new models for executive governance : a directly elected mayor, directly elected executive (slate of candidates) and an indirectly elected leader all with a 4 year term</p> <p>To implement changes to the electoral cycles and electoral arrangements for local authorities and to allow for the ordinary day of local government elections to be moved to the same day as European Parliamentary general elections in years in which they coincide.</p>	<ul style="list-style-type: none"> <li>• Up to £2m pa for directly elected executives</li> <li>• £25m pa for enhanced overview and scrutiny</li> <li>• Around £0.5m pa for local service providers to comply with overview</li> </ul>	<ul style="list-style-type: none"> <li>• Up to £2m pa from changes to the electoral cycle;</li> <li>• Simplified electoral arrangements leading to higher turnout:</li> <li>• Stronger strategic, visible and accountable leadership for local areas</li> </ul>	<p>The Government believes that strong leadership needs a stable mandate, high visibility and strong accountability. In this way, the leadership is able to take hard decisions, and citizens and stakeholders are clear about who to deal with and who is responsible. The Government believes the directly elected form of executive arrangement, with their fixed terms of office, provide the strongest and most visible local leadership.</p> <p>There is evidence of improvements in the organisation and practice of scrutiny. A survey of portfolio holders found that there had been an increase in the proportion of executive councillors reporting changes in the area of their portfolio as a result of overview and scrutiny committee. In 2003, 47% of portfolio holders reported that changes had occurred “sometimes” or “occasionally”; by 2005, this had increased to 60%.<sup>17</sup></p>

<sup>17</sup> Councillors, Officers and Stakeholders in the New Council Constitutions: Findings from the 2005 ELG Sample Survey, Communities and Local Government, 2006

## Objective 2: To ensure Local Government that provides effective and accountable strategic leadership (cont.)

Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
		<p>To strengthen overview and scrutiny in the following ways:</p> <ul style="list-style-type: none"> <li>• Allow overview and scrutiny committees to review specific matters regarding the action of local service providers and the actions of local partners operating in a local authority area;</li> <li>• Require public service providers either to appear before overview and scrutiny committees or provide information to the committees insofar as their actions relate to the functions or service delivery within an authority;</li> <li>• Require the council executive and other bodies to whom an overview and scrutiny committee makes recommendations, to respond within 2 months;</li> </ul>			<p>However, there is still work to do. Research shows that scrutiny committees are perceived as good at reviewing service outcomes (51 % agree) and involving external stakeholders (around 46% agree), but weak at reconciling community opinion (just 14% of councillors and 8% of officers agree) or providing a forum for community debate (28% of councillors and 21 % of officers agree).<sup>18</sup></p> <p>Moving to whole council elections would give clarity to the process so that electors understand when they should vote and what they are voting for, thus improving voter turnout and engagement in the democratic process. The Electoral Commission have recommended that each local authority in England should hold</p>

<sup>18</sup> Ibid

Objective 2: To ensure Local Government that provides effective and accountable strategic leadership (cont.)					
Policy Area	Policy	Legislative Measures	Costs	Benefits	Rationale/Notes
		<ul style="list-style-type: none"> <li>• Require the council to consider and publicise overview and scrutiny committee recommendations; and</li> <li>• Provide for an overview and scrutiny committee to request an inspection.</li> </ul>			<p>whole council elections (on alternate years in two tier areas – i.e. district councils holding elections in a different year from that of county councils).<sup>19</sup></p> <p>A growing number of non-metropolitan districts, driven in part by a desire to make efficiency savings, are expressing an interest in pursuing a change in their electoral arrangements.</p> <p>If having moved to whole council elections, local authorities with a tradition of partial council elections believe that whole council elections are not appropriate for their area, these local authorities will be able to revert to partial council elections. However, this would not impose any new costs and, with the move to whole council elections being discretionary, the potential benefits are unaffected.</p>

<sup>19</sup> The cycle of local government elections in England: Report and recommendations, Electoral Commission, 2004

### Objective 3: A performance framework – for local authorities working alone or in partnership – which supports citizen empowerment and secures better outcomes for all

Policy Area	Policy	Measures	Costs	Benefits	Rationale/Notes
<p>Performance Framework</p> <p>A new performance and accountability framework, for local authorities working alone or in partnership, which:</p> <ul style="list-style-type: none"> <li>• supports the improvement of local services delivered by local authorities and their partners</li> <li>• provides clearer lines of accountability and responsibility between central government, local government, other local providers and citizens</li> <li>• reduces the overall bureaucratic burden placed on local authorities and their partners by central government thereby freeing up resources for front-line delivery</li> </ul>	<p>To reform best value so that it better supports the aims and objectives of the new performance framework by:</p> <ul style="list-style-type: none"> <li>– introducing a new duty on best value authorities (except police authorities) to inform, consult and/or involve representatives of local people in their activities where appropriate;</li> <li>– de-regulating and removing best value requirements;</li> <li>– issuing guidance clarifying how best value authorities can secure continuous improvement and the duty to involve.</li> </ul>	<p>Introduce a new duty on best value authorities<sup>20</sup> to ensure the involvement of representatives of local people where appropriate (covered in objective 1 section);</p> <p>Removing best value requirements to prepare annual performance plans and conduct best value reviews, and exempting parishes from best value</p> <p>Enabling the Secretary of State to issue statutory guidance about how authorities can meet their best value duty to secure continuous improvement and the duty to involve.</p>	<p>There will be some minor costs stemming from the new annual risk assessments and Local Services Intervention Panel, and the introduction of any new performance indicators as a result of the Comprehensive Spending Review.</p>	<p>There will be substantial savings to local and central government as a result of introducing the new performance framework. In some cases, in particular the proposed reductions in the number of performance indicators and reporting requirements, these cannot yet be quantified. The exact savings achieved will be dependent on the outcomes of the forthcoming Comprehensive Spending Review.</p> <p>However based on our research<sup>21</sup> and consultations with key stakeholders we are confident that they will be substantial.</p>	<p>A range of reforms since 1999 have helped drive improvement and encourage partnership working at local level. Local government has significantly improved its performance across a wide range of services and functions. In 2002 there were 13 poor authorities and 76 good or excellent. Under the new tougher Comprehensive Performance Assessment introduced in 2005, over 75% of single tier and county councils were judged to be improving well or strongly, and 71% of them had achieved a 3 or 4 star rating for performance.<sup>22</sup></p> <p>A basket of Best Value Performance Indicators, designed to give a balanced picture of performance over time, shows councils have improved by 15.1% between 2000/01 and 2004/05, and that the worst performers have improved faster than the rest.<sup>23</sup></p> <p>Despite these successes, the limitations of the current approach are becoming apparent. While effective in tackling the most significant cases of under-performance, it has not led to the same rate of improvement in adequately performing authorities.</p>

<sup>20</sup> The duty will not apply to police authorities

<sup>21</sup> In particular, *Mapping the Local Government Performance Reporting Landscape*, Communities and Local Government, 2006

<sup>22</sup> CPA – *The Harder Test, Scores and Analysis of Performance in Single Tier and County Councils 2005* Audit Commission, 2005

<sup>23</sup> Local and Regional Government Research Unit, *Communities and Local Government*, 2006 analysis

**Objective 3: A performance framework – for local authorities working alone or in partnership – which supports citizen empowerment and secures better outcomes for all (cont.)**

Policy Area	Policy	Measures	Costs	Benefits	Rationale/Notes
<ul style="list-style-type: none"> <li>• supports the delivery of flexible, sensitive local services, responsive to residents' needs</li> <li>• provides central government with clearer routes for securing improvement in the areas where it has a clear national interest.</li> </ul>	<p><b>Clarification of national outcomes and targets</b></p> <p>To deliver a framework that balances national, regional and local interests and priorities.</p>	<p>To amend the provisions which enable the Secretary of State to specify, by order, best value performance indicators and best value performance standards so that they no longer apply to England.</p> <p>To remove the Audit Commission's powers to require certain bodies to publish information as to standards of performance.</p>		<p>From 2008/09 removing the Best Value requirement to carry out Performance Plans and Best Value Reviews will save £16m pa and exempting parishes from BV will save £1m pa.</p> <p>The new indicator set will provide clarity to central government.</p> <p>It will provide government departments, local authorities and their partners with far greater clarity about what levels of performance are expected to deliver national outcomes and a clear framework for setting targets and securing improvements. There will be associated savings in the processing of performance information.</p>	<p>The current separate performance frameworks for individual services do not provide an effective means of securing improvements in outcomes which require complex delivery chains with multiple delivery partners. These are often the services that matter most to the most disadvantaged or vulnerable members of society. The Government green paper, Every Child Matters, identified organisational fragmentation as a core problem in the delivery of services where more than one agency is involved.<sup>24</sup></p> <p>Finally, whilst CPA has achieved very high visibility within the public sector, it has not achieved a similar level of recognition with citizens. Linked to this, the improvements identified across public services by CPA are not always mirrored by the public's overall satisfaction with local government, which fell by 10% between 2000/01 and 2003/04.<sup>25</sup></p>

<sup>24</sup> Every Child Matters, CM 5860, TSO, 2003

<sup>25</sup> Best Value User Satisfaction Surveys 2003/04 General Survey Initial Topline report, Communities and Local Government, 2004

**Objective 3: A performance framework – for local authorities working alone or in partnership – which supports citizen empowerment and secures better outcomes for all (cont.)**

Policy Area	Policy	Measures	Costs	Benefits	Rationale/Notes
				<p>Potential benefit that targets will be more tailored to local circumstances and able to take rural issues into account where appropriate.</p> <p>Citizens will benefit as they will have a clearer understanding of the priorities for their area and how well they are being delivered</p>	

**Objective 3: A performance framework – for local authorities working alone or in partnership – which supports citizen empowerment and secures better outcomes for all (cont.)**

Policy Area	Policy	Measures	Costs	Benefits	Rationale/Notes
	<p><b>External Challenge</b></p> <p>Moving beyond the current assessment an inspection regimes to a more risk-based a proportionate system of external challenge</p>	<p>To merge the functions of the Benefit Fraud Inspectorate, in relation to its work on English local authorities, and the Audit Commission.</p> <p>To amend the current requirements relating to the number of members of the Audit Commission for Local Authorities and the National Health Service in England and Wales.</p> <p>To provide the Audit Commission with a “gatekeeper” role in relation to inspection of local services. This would allow the Audit Commission to potentially restrict the ability of the other public service inspectorates<sup>16</sup> to carry out inspection of certain bodies providing local services.</p>	<p>Under these proposals, the Audit Commission and Benefits Fraud Inspectorate will be merged. Costs associated with developing the new framework and delivering the assessments is estimated to be in the region of £7m in 2008/09, but will be clarified during development of the new framework.</p>	<p>There are potential benefits for the environment and rural areas in that the proposed risk assessment approach will, unlike now, focus on all available evidence and provide greater potential to pick up on particular risks to the environment/ rural areas in delivering outcomes under CPA. Reform of CPA will save £23m in 2009/2010</p> <ul style="list-style-type: none"> <li>• Substantial net savings for local authorities and central government</li> <li>• More responsive and efficient local services</li> </ul>	

**Objective 3: A performance framework – for local authorities working alone or in partnership – which supports citizen empowerment and secures better outcomes for all (cont.)**

Policy Area	Policy	Measures	Costs	Benefits	Rationale/Notes
		<p>To allow the Audit Commission to be able to delegate its inspection functions and national studies powers to the other public service inspectorates.</p> <p>And to allow the Audit Commission to carry out inspections where another public service inspectorate has sought to delegate functions that the Audit Commission does not otherwise have.</p>			

<b>Objective 4: To ensure a local government system that leads local partnerships to provide better services for citizens</b>					
<b>Policy Area</b>	<b>Policy</b>	<b>Measures</b>	<b>Costs</b>	<b>Benefits</b>	<b>Rationale/Notes</b>
<b>Local government as leader and place-shaper of local services</b>	<p>To support stronger partnership-working by strengthening the role and effectiveness of Local Strategic Partnerships (LSPs), Local Area Agreements (LAAs) and Sustainable Community Strategies (SCSs) in improving local areas by:</p> <ul style="list-style-type: none"> <li>• Reiterating the centrality of the local authority's role to the LSP by giving them a clear initiation role.</li> <li>• Setting out the minimum expectations being placed on partner members, thereby avoiding confusion.</li> <li>• Ensuring that in areas of poorer partnership working key public sector agencies are engaged in the LSP.</li> </ul>	<p>For a "local area agreement" ("LAA") which will be an agreement between a lead local authority, and the Secretary of State, prepared with the co-operation of named partners, which sets out improvement targets for local areas. The local authority and named partner or partners should have regard to agreed targets in the LAA. (For example, one target for the area might be, in the year 2006/07, that the local authority should reduce the percentage of 16-19 year olds who are not in education, employment or training by 2.9% by November 2006).</p>	<p>There are not expected to be any additional costs associated with the duty to prepare a Local Area Agreement as all relevant areas are already preparing a LAA. The lead role for preparing a LAA will rest with the upper tier local authority as it does at present.</p>	<p>The proposals will reinforce partnership working where it is already effective (without creating additional costs); and where partnerships are not currently effective, these proposals will encourage local authorities to convene partnerships in order to achieve significant benefits that will flow to local communities in the form of more joined-up planning and service delivery.</p> <p>Potentially significant benefits arising out of partnership through improved efficiencies and improved service delivery.</p>	<p>Although much has already been achieved in putting LSPs, LAAs and Community Strategies at the heart of local partnership working and the setting and delivery of objectives, evidence has shown that partnership working is not always effective or comprehensive. Lines of accountability for achieving targets are often unclear.<sup>26</sup> Community Strategies are not always underpinned with a firm evidence base and are often disjointed from delivery mechanisms.<sup>27</sup> These shortcomings need to be addressed for LSPs, LAAs and Community Strategies to achieve their full potential.</p>

<sup>26</sup> National evaluation of LSPs: Formative evaluation and action research programme 2002-2005 Final Report, ODPM, 2006

<sup>27</sup> Process evaluation of Community Strategies and Plan Rationalisation: Annual Report 2006, Communities and Local Government, 2006

**Objective 4: To ensure a local government system that leads local partnerships to provide better services for citizens  
(continued)**

Policy Area	Policy	Measures	Costs	Benefits	Rationale/Notes
	<ul style="list-style-type: none"> <li>• Sending a strong signal from national government that partnership working across the whole set of issues in an area is important and therefore that creating a framework in which to exercise this collaboration is critical.</li> </ul>	<p>The upper tier or unitary<sup>28</sup> authorities to be placed under a duty to prepare a LAA, with the input of named partners and such other persons as the authority sees fit which will then be submitted to the Secretary of State for approval.</p>	<p>Costs for the duty to co-operate to agree targets are likely to fall primarily on local authorities and the named public sector partners having to attend LSP Board meetings, where evidence suggests that those partners are not currently co-operating (based on 2006 data).<sup>29</sup> The estimated costs to different public bodies are summarised in the table below:</p>		

<sup>28</sup> That is county councils, district councils exercising the functions of a county council in their area (including metropolitan district councils), London boroughs, the Common Council of the City of London in its capacity as a local authority and the Council of the Isles of Scilly.

<sup>29</sup> Formative Evaluation of LSPs: Report of 2006 survey of all English LSPs, DCLG, 2007

<b>Estimated costs to different public bodies (LSPs/LAAs)</b>						
	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
Upper tier authority	£143,671	£147,550	£151,534	£155,626	£159,827	£164,143
Districts	£65,307	£67,070	£68,881	£70,740	£72,650	£74,612
NHS	£9,578	£9,837	£10,102	£10,375	£10,655	£10,943
Police	£19,156	£19,673	£20,205	£20,750	£21,310	£21,886
JobCentre Plus	£249,030	£255,754	£262,659	£269,751	£277,034	£284,514
Fire	£229,874	£236,081	£242,455	£249,001	£255,724	£262,629
LSC	£172,405	£177,060	£181,841	£186,751	£191,793	£196,971
RDA	£306,499	£314,774	£323,273	£332,001	£340,965	£350,171
Sport England	£306,499	£314,774	£323,273	£332,001	£340,965	£350,171
Environment Agency	£268,186	£275,427	£282,864	£290,501	£298,345	£306,400
Natural England	£268,186	£275,427	£282,864	£290,501	£298,345	£306,400
Total	£2,038,391	£2,093,427	£2,149,950	£2,207,999	£2,267,615	£2,328,840

# Annex B: Miscellaneous

## Title of proposal

1. A new grant making power to pay grant to persons for use in, or in connection with, promoting or facilitating the economic, efficient and effective exercise of functions by a best value authority or best value authorities. (In this RIA the phrase 'support the improvement of best value authorities' is used as a reference to these purposes).

## Purpose and intended effect of measure

### **Objective**

2. To introduce new legislation that allows grant to be paid to persons for use in supporting the improvement of best value authorities in a more flexible and straightforward way than is currently possible under section 31 of the Local Government Act 2003 ('section 31'). The power will be exercisable by a Minister of the Crown in relation to best value authorities and Welsh Ministers in relation to Welsh best value authorities.

### **Background**

3. At present, the Secretary of State must pay revenue support grant (RSG) to local authorities, and bodies specified by way of statutory instrument, in respect of each financial year. In addition, any Minister of the Crown ('Minister') may pay grant to local authorities in England. The relevant powers under current legislation for example are:
  - a) section 78 of the Local Government Finance Act 1988 ('section 78') which allows the Secretary of State to pay RSG to local authorities 'specified' bodies; and
  - b) section 31 (power for a Minister to pay grant to a local authority in England).

4. However, in some cases current legislation does not allow government to pay grant with sufficient flexibility, for the following reasons:
  - a) The power to pay grant under section 31 applies to local authorities, but not to other bodies or persons.
  - b) The duty to pay grant under section 78 provides a means for the Secretary of State to pay RSG to 'specified bodies'. This provision is currently used to fund 10 LGA central bodies. It is the only current route available to provide grant to non-local government organisations which provide services to local government. The power does present a significant constraint in relation to timing and source of funds.

The RSG route is only available when the RSG settlement is made and only allows for payments from RSG funds. To provide local authorities with as much certainty as possible, the Secretary of State has adopted a policy of multi-year formula grant settlements. The current multi-year settlement is for 2 years and future multi-year settlements are intended to be made for 3-year periods. The need to pay grant does not necessarily coincide with the RSG cycle, and there will be occasions during the RSG cycle when Ministers will wish to provide assistance from other sources, for example the Capacity Building Fund.

5. In Wales, the Welsh Assembly Government has analogous powers to the above, but has also relied on 'ancillary' powers in ss40 and 85 of the Government of Wales Act 1998 to pay grants to bodies which support the better delivery of local authority services (eg elements of the Welsh Local Government Association). While the Government of Wales Act 2006 re-enacts such powers, it would be strongly preferable to provide a specific statutory basis for such support. These powers have not been used as regards police authorities in Wales, as policing policy (and thus any action to define and support improvements in policing) remains non-devolved. Under the proposals, support for police authorities in Wales would remain a matter for UK Ministers.
6. A new provision is therefore required, which would allow Ministers to give financial assistance to any person for supporting the improvement of best value authorities without the timing constraints associated with RSG. Our view is that it would provide for a more flexible and straightforward way of funding certain best value authority improvement activities, independent of the RSG cycle.

### **Likely uses for the power**

7. Due consideration will need to be given to state aid and public procurement rules/requirements when exercising this power. In particular the power could not

be used to give unfair advantage to a particular body or person. Situations in which the power may be used include the following:

- 1) Where we can demonstrate that a market doesn't exist for the activities undertaken by the relevant person or body.
- 2) Where any grant paid would fall below the level set out in the de-minimus regulation which is £200,000 over three years.
- 3) Where we pay grant to a non-local authority body in circumstances where grant would otherwise be paid to a local authority under section 31 of the Local Government Act 2003, but where there are potential administrative/efficiency gains from paying the grant to the non-local authority body.

### **Rationale for government intervention**

8. We want to introduce this power to provide us with the flexibility to give grant to persons who support the improvement of best value authorities (where we can demonstrate that this doesn't contravene state aid and public procurement requirements). An example of this may include pump priming the set up of new bodies.

## Consultation

### **Within government**

9. Discussions have taken place with the following departments:
  - Treasury;
  - Department for Education and Skills;
  - Department of Health;
  - Home Office; and
  - Welsh Assembly Government .

General policy clearance was also obtained from other Departments prior to the Act's introduction in the House of Commons.

### **Public consultation**

10. The legislation we are proposing to introduce will provide Ministers with greater flexibility to make grants to persons supporting the improvement of best value authorities – this will not result in any changes to current local authority policy or impose any additional burdens on local authorities. The power is drafted in

a broad way, but in exercising the power regard would be given to state aids and public procurement requirements (as set out in paragraph 6). We do not foresee any impact on the businesses, the voluntary and community sector or the public. For these reasons we have taken the decision not to consult directly with the public, although public interest has in a sense been taken into account through consultation with outward facing departments.

## Options

11. Two options have been identified:

A) Do nothing

B) Introduce a new grant making power

### **Option A – do nothing**

12. Government can continue to use existing powers to pay grant to bodies supporting the improvement of best value authorities. There are however some limitations to these powers, particularly around timing, which does not allow Government sufficient flexibility. These arguments are set out in the Background section.

### **Option B – Introduce a new grant making power**

13. Our preferred option would be to introduce a new more flexible grant-making power. This power would enable grant to be paid to persons supporting the improvement of best value authorities at any time of year, by any minister independent of the RSG cycle. The advantages of this are set out in the background section.

### **Alternative options considered**

14. None

## Costs and benefits

### **Sectors and groups affected**

15. Public Sector – Potentially any public sector organisation that carries out work associated with the improvement of best value authorities could be affected by this grant-making power. In practice, however, we anticipate that state aid and

public procurement requirements will restrict the extent to which the power can be used. Use of the power will be considered on a case-by-case basis and state aids and public procurement requirements will be considered as necessary.

16. Private Sector – We don't envisage using the power to pay grant to the private sector. As explained in the background section, when using the power, state aid and procurement implications would have to be considered. In practice this would mean ensuring that there isn't a market for the provision of the relevant activity. If this process showed that there were interest from private businesses in undertaking the activity, we would procure the activity via a tendering process. We therefore consider that this measure will not have any negative impact on business.

#### **RACE EQUALITY ASSESSMENT**

17. Race equality impact screen completed. It was concluded that this policy would not require a full race equality impact assessment. No impact.

#### **HEALTH IMPACT ASSESSMENT**

18. Not required

#### **RURAL CONSIDERATIONS**

19. *No Impact*

## Breakdown of costs and benefits

#### **OPTION A – DO NOTHING**

20. Economic

Benefits – Since nothing is changing, these remain the same.

Costs – Not to introduce new legislation will limit the flexibility that ministers would otherwise have had to give grant where a need has been identified – i.e. responding to local authority need.

21. Environmental

Benefits – Since nothing is changing, these remain the same.

Costs – Limiting Ministers flexibility to give out grants, could potentially reduce the amount of support available to local authorities which in turn may have a small impact on the environment.

22. Social

Benefits – Since nothing is changing, these remain the same.

Costs – Limiting Ministers flexibility to give out grants, could potentially reduce the amount of support available to local authorities which in turn may have some social impact.

**OPTION B – INTRODUCING A NEW GRANT MAKING POWER**

23. Economic

Benefits – Provides greater flexibility for ministers to respond to any gaps in market provision, ensuring that local authorities have access to the support that they need to respond to existing and new challenges.

Costs – There is no cost of introducing this new legislation, any grants given out would be met from existing departmental resources. We can't quantify how much resource will be provided via the power since we can't anticipate in advance where any gaps in provision may be. It is possible that expectations of bodies may be raised as a result of introducing the new power, to the extent that they may write in requesting grant under the new power.

24. Environmental

Benefit – The overall performance of a local authority will have some impact on the local environment – they have responsibilities for example for waste services, maintenance of parks and other local facilities which taken collectively affect the quality of the local environment. Whilst we can't predict what grant will be given out and for what purpose, it would be reasonable to say that any grant provided through this power that helps improve local authority performance has the potential to impact positively on the local environment.

Cost – We don't envisage there being any cost to the environment as a result of grant being given out under the new power.

25. Social

Benefit – Similarly, any grant given out which impacts on local authority performance is likely to have some social impact – this could for example be as simple as local authorities working more effectively with community police to stop the effects of anti-social behaviour.

Cost – We don't envisage there being any cost to the environment as a result of grant being given out under the new power.

## Small Firms' Impact Test (SFIT)

26. It's unlikely that small businesses will have much interest in the business of local authority improvement support, but any that do would have the opportunity to apply for work through a competitive tendering exercise. There will therefore be no negative impact on small businesses.

## Competition assessment

27. In situations where competition is a relevant concern, to ensure that the grant-making power did not unfairly give advantage to one person or body over another, we would need to demonstrate that a market did not exist by using some form of a tendering exercise. We would not use the grant power if the tendering exercise showed that a competitive procurement process were necessary.

## Enforcement, sanctions and monitoring

### **Enforcement**

28. This provision would be enforced by following the new legislation and all other relevant legal requirements.

### **Sanctions**

28. No sanctions

### **Monitoring and review**

29. The power allows for conditions to be attached to the grant. We will review on a case-by-case basis what monitoring controls, if any, need to be included. We would ensure that any such arrangements were balanced and proportionate.

## Implementation and delivery plan

30. Refer to paragraph 6 for information on how we envisage the power being used.

## Post-implementation review

31. The power would be reviewed after a period of 3 years, assessing the extent to which the power has been used.

## Summary and recommendation

<b>Option</b>	<b>Total cost per annum Economic, environmental, social</b>	<b>Total benefit per annum Economic, environmental, social</b>
A – Do nothing	– Unquantifiable – see para’s 20 – 22	– Unquantifiable – see para’s 20 – 22
B – Introduce new legislation	– Unquantifiable – see para’s 23 – 25	– Unquantifiable – see para’s 23 – 25

## Title of proposal

1. Changes to six provisions of the Audit Commission Act 1998 and to provide an additional power, to improve and update the legislation. These are as follows:
  - i) Amend section 3(6) of the Audit Commission Act 1998 to delete the requirement that all members of a firm must be members of one or more qualifying accountancy bodies. Insert an amendment to provide that the Audit Commission must satisfy itself that in appointing a firm an individual auditor must meet the requirements of 3(5) of the act.
  - ii) Amend section 15 to include an exemption for all personal information of services users from being inspected by an interested person. Exemption should be additional to the existing exemption of staff information.
  - ii) Amend section 16 to remove the option for objectors to attend before the auditor.
  - iv) Amend section 29 to allow SoS to give consent for the audit of classes of body as well as individual bodies. The phrase “or appoint an auditor” should be added after “undertake the audit”.
  - v) Repeal section 51 to remove the Audit Commission restrictions on the publication of information.
  - vi) Amend section 49 to change the presumption of the ‘Restriction on the Disclosure of Information’ so that it is in favour of disclosure except when

disclosure prejudices the function of the Audit Commission. Changes to the provision should impact on 3rd parties/non-public authorities. The criminal sanctions should also be changed to remove imprisonment.

- vii) Confer on the Commission a power to advise or assist other public authorities in the UK, abroad and to Registered Social Landlords (RSLs) in England and for the Commission to charge for providing such assistance.

## Purpose and intended effect of measure

### Objective

- 2. i) Appointment of Auditors – Section 3(6)

This covers the appointment of auditors and the requirement that all members of a firm of Auditors be members of a professional body. As most firms tend to be multidisciplinary now this requirement seems out of date. We want to amend the provision so that only the actual Auditor conducting the audit needs to be a member of a professional body.

- ii) *Inspection of documents and questions at audit – Section 15*

This deals with the public inspection of documents. It allows for any person who is interested to inspect the accounts to be audited and other documents relating to them. These can include books, deeds, contracts, bills, receipts, etc. documents that contain personal information of service users. The aim of this amendment is to exempt this personal information from being disclosed.

- ii) *Right to make objections at audit – Section 16*

This covers the right to make objections at Audit. The current provision allows objectors to appear in person before an auditor to make their objection. We aim to remove this option from objectors. Objectors will still be able to make their objections in writing. This amendment enhances an auditor's discretion on how to deal with objections in a proportionate and cost effective way (a cost which is borne by the local authority) which is particularly relevant when dealing with vexatious complainants.

- iv) *Agree audit of accounts – Section 29*

This allows the Secretary of State to consent to the Audit Commission auditing bodies connected to local government and the NHS that are not

already audited bodies in Schedule 2 of the Audit Commission Act 1998. The amendment would also allow for classes of bodies e.g. Foundation Trust, to be authorised when appropriate. This would avoid the Commission having to approach the Secretary of State for every body in a class. A further technical amendment to this provision is to enable auditors appointed by the Commission to undertake this audit as well as the Commission itself.

v) *Publication of information by the Commission – Section 51*

This specifies the type of information that the Audit Commission can publish (local authority public interest reports, any contravention of the Accounts and Audit Regulations, Accounts and Audit Letters). Currently the Commission is restricted in the publication of these, but, individuals are still able to request them under the Freedom of Information Act. This restriction is out of date and needs to be updated by repealing section 51.

vi) *Restriction on the disclosure of information – Section 49*

We have already amended section 49 and the equivalent Welsh provision in Section 54 of the Public Audit (Wales) Act 2004, following a commitment given to Parliament during the passage of the latter to reverse the overall presumption against disclosure of information set out in the legislation. These amendments, made by a Freedom of Information (Removal and Relaxation of Statutory Prohibitions on Disclosure of Information) Order 2004, came into force on 1 January 2005. They only partially fulfilled the Government's commitment on the issue of disclosure, however. A further Government commitment was made at the time of the Order's Parliamentary passage to complete the reversal process at the earliest legislative opportunity. The further amendment will need to apply to both the Audit Commission Act and the Public Audit (Wales) Act 2004.

## **Background**

3. The background to these seven provisions is set out below:

- i) *Section 3(6)* – The provision relates to an out of date requirement that a firm of auditors cannot be appointed unless each member is a member of one or more of the qualifying accountancy bodies. Professional practice rules used to require all partners in accountancy firms to be qualified, but all firms are now multi-disciplinary partnerships and not eligible for appointment as auditors in their own right.

There is still a need to retain a statutory provision that auditors appointed by the Commission are appropriately qualified. Therefore we are not seeking to repeal 3(6) but amend it to say the Audit Commission must satisfy itself that, in appointing a firm, any individual auditor nominated as responsible for the audit meets the requirements of s3(5), which deals with the qualification of auditors.

- ii) *Section 15* – Under this section interested persons are able to inspect accounts to be audited and various documents relating to them. This can include personal information of ‘service users’ that could be recorded within the documents.

Any interested person can inspect information irrespective of its confidential nature, provided it relates to the accounts and falls within the parameters of “books, deeds, contracts, bills, vouchers and receipts”. Thus, it extends to confidential personal data, which could for example include an individual tenant’s rent account.

Information concerning members of staff of audited bodies is specifically excluded by section 15(3), and this exclusion should be extended to all personal data in order to make it consistent with Data Protection and Human Rights legislation.

The following two examples, both police authorities, demonstrate where the accessibility of this information has been a problem. The first was a case where the police were asked under section 15 to provide full details of receipts etc. of all payments made to informers. The second was a request for contract and other details of ‘special equipment’ purchases to the police. Both of these could have been refused under FOI, but not under section 15.

- iii) *Section 16* – Under this section objectors have a right appear before an Auditor (following a written objection) in person to make an objection.

The Audit Commission has requested that the option for objectors to attend before an auditor in order to make an audit objection be removed. The justification is that this requirement is out-dated and unnecessary. The removal would also enhance the auditor’s discretion to deal with vexatious objections in a proportionate way that minimises the cost to the local authority. We envisage that possibly a small minority of objectors themselves may object to its removal, nevertheless, we perceive objection would be minimal and that the amendment should be made.

This may appear to be reduction in objector’s powers but in reality, it is more a change to the process of objecting, which is also consistent with the current provisions in Wales.

- iv) *Section 29* – The current provisions allow for the Secretary of State to give consent to the Audit Commission, with the agreement of the body concerned, to undertake the audit of accounts of any body which appears to him to be connected to local government or the NHS, and is not a body subject to audit. This consent is currently granted on a case-by-case basis at the request of the Commission or bodies concerned. There have been few requests on the local government side but the Commission has reported that in the case of NHS bodies, particularly charitable trusts associated with Foundation Trusts, the requirement to seek the consent of the SoS on a case by case basis is becoming burdensome.

The clause as written implies that the Audit Commission itself would carry out the audit of bodies once the consent of the SoS has been granted. The Commission does carry out audits, but in many cases it appoints auditors to do so on its behalf.

- v) *Section 51* – The current provisions provide specific parameters in which the Commission may publish information. They specifically include the publication of local authority public interest reports and any contravention of the Accounts and audit Regulations. With respect to other reports, namely Accounts and Audit Letters and other public interest reports (including those for health service bodies) the Commission is restricted in their publication of these, nevertheless, individuals are able to request them under the Freedom of Information Act. In view of the Freedom of information Act, the restrictions on what the Commission can publish under section 51 of the ACA 1998, are outdated and need to be brought up to date. We have already amended section 49, which was a blanket restriction on the disclosure of information to allow the Commission to release information except where it prejudices its functions. In line with this, we want section 51 be repealed, as the restrictions have become obsolete.
- vi) *Section 49* – Problems with the original s49 provisions arose during the passage of the Public Audit (Wales) Act 2004, which brought together the functions of the Auditor General for Wales, the Audit Commission in Wales and appointed auditors within one organisation. In combining their various functions, the issue that came into sharp contrast was the fact that the Auditor General for Wales has no restriction on the release of information, other than those imposed by the Data Protection Act 1998 whereas restrictions on releasing information were imposed on local government

audit through s49. Specific objection was raised in the Lords to s54 of PA(W)A 2004 as it mirrored the provisions in s49. S54 includes a provision giving a power to amend the provision at a later stage in terms similar to how s49 is amended. This led to s49/s54 being viewed as a 'gagging' clause and calls for consistency of approach within a single piece of primary legislation.

There were also views expressed that s49/s54 prevented whistle blowing.

The National Assembly for Wales recommended the abolition of s54 and made representation to Government. Consideration was given to this but, in light of representation from the Audit Commission ODPM felt it was more appropriate to retain some power to restrict the release of information, so it was agreed that s49/s54 would be amended. The main rationale for this was if s49 remained in England and s54 was abolished in Wales there would be a disparity in the law between England and Wales in that disclosure of information in England would attract the criminal sanction of a fine or imprisonment and nothing for the same disclosure in the Wales.

At the time, it was felt that a suitable remedy to the situation would be to amend s49 under the first Order of section 75 of the Freedom of Information Act 2000. The view was that the s75 Order would provide a suitable vehicle to amend the provisions in s49 changing the presumption in favour of the release of information except where doing so would prejudice the functions of the Audit Commission and at the same time remove the sanction of imprisonment, thus bring it into line with the FOIA. This was done with a view to making s49/s54 more agreeable to its critics.

The National Assembly for Wales, the Audit Commission and ODPM were content with this compromise and the DCA were content to include the amendment of s49 in the first Order of s75 FOIA. However, when instruction went to Parliamentary Counsel it was their view that the powers under s75 were not wide enough to amend all of s49 and was only able to amend the parts of it related to Public Authorities and not for 3rd parties/non-public authorities.

Following this, the Government gave assurances that it would make the remainder of the changes to 3<sup>rd</sup> parties/non-public authorities at the next legislative opportunity. Therefore, this Act appears to be that opportunity. ODPM gave a commitment to amend the whole s49 to relax the prohibition relating to it.

- vii) *Power to provide advice and assistance* – The Audit Commission sought a change to its legislation to undertake work at the request of other public bodies within the UK and abroad. There have been a number of occasions where other Government Departments and other public bodies both in the UK and abroad have sought the Commission’s assistance or advice because of its skills, expertise and reputation. Recent examples are assistance to Defra with its Rural Pathfinder project, help for the Department in preparing technical guidance notes for the Gershon efficiency review and mutually beneficial projects with other national audit agencies. However, these tasks fall outside the Commission’s statutory powers and there is uncertainty over whether its incidental powers are sufficient, so the Commission has been unable to help. We would like the Commission to be able to offer its help in these cases as it is clearly in the public interest to utilise its skills and expertise. We also consider that the general move to more partnership and joint working and the new inspection landscape that expressly requires inspectorates to cooperate with one another also supports the case for it to be given powers to assist other public bodies, including Government Departments. It was originally intended that the scope for the Audit Commission to offer advice and assistance would exclude already audited and inspected bodies, but upon further consideration if public bodies abroad are able to request advice or assistance, it would seem strange to prevent the same service to those in England. In practice this will allow the Commission to respond to some requests from RSLs for advice and assistance. As currently drafted the power will only allow for advice or assistance to be provided to RSLs where they are carrying out functions of a public nature. The Commission has received requests from all types of RSLs and is keen to ensure that the power explicitly allows it to respond to all these requests so; we are amending the legislation to make this clearer.

In order for this power to be effective we would like the Commission to be able to charge for its assistance and advice where it considers that is appropriate. Under schedule 1 of the Audit Commission Act 1998 it is obliged to cover its costs and not make a profit. So the Commission would only be gaining revenue that would match the cost of undertaking this work.

### **Rationale for government intervention**

4. The Audit Commission have pressed for these changes and the changes to section 49 follows on from a Government commitment given to Parliament during the passage of the Public Audit (Wales) Act 2004.

## Consultation

### Within government

5. These proposals have been considered at great length with the Audit Commission and are based on feedback from them on their effectiveness. The proposed changes where relevant are consistent with Data Protection and Freedom of Information legislation. The remainder of the changes are specific matters for this department.

### Public consultation

6. The two provisions that do affect the public are changes to sections 15 & 16. As these are not significant changes to the powers we do not consider that a wide consultation would be necessary.

## Options

7. Two options have been identified:
  - A) Do nothing
  - B) Implement changes as proposed above.

### OPTION A – DO NOTHING

8. If we 'do nothing' it wouldn't significantly impact on the working of the Commission, except for the section 49 amendment which could cause some difficulties to the changes proposed under 'Inspection Reform'. Nevertheless the Audit Commission made a strong case to get these changes into the Act.

### OPTION B – IMPLEMENT CHANGES AS DESCRIBED

9. The proposals identified above would improve and update the existing legislation as well as fulfil the commitment given to Parliament.

### Alternative options considered

10. None

## Costs and benefits

### **Sectors and groups affected**

11. The following will benefit from these new powers:
- The Audit Commission;
  - Auditors & Audit Firms appointed by the Audit Commission;
  - Audited Bodies in England;
  - Citizens whose personal information is available via scrutiny of accounting records; and
  - Relevant Public Bodies who would like to invite the Audit Commission to conduct their audit or provide advice or assistance.

### **RACE EQUALITY ASSESSMENT**

12. We do not consider these changes will have any impact on Race Equality as these changes relate to Audit legislation nationally.

### **HEALTH IMPACT ASSESSMENT**

13. There are no impacts on health.

### **RURAL CONSIDERATIONS**

14. There are no negative impacts on rural issues.

## Breakdown of costs and benefits

### **OPTION A – DO NOTHING**

15. Economic

Benefits: None. Status quo continues.

Costs: None. Status quo continues.

16. Environmental

Benefits: None

Costs: None

## 17. Social

Benefits: None

Costs: None

**OPTION B – IMPLEMENT CHANGES AS DESCRIBED**

## 18. Economic

Benefits: The proposed changes to section 16 could in some cases significantly reduce the cost to local authorities of Auditor fees for dealing with vexatious complainants.

Costs: None

## 19. Environmental

Benefits: None

Costs: None

## 20. Social

Benefits: None

Costs: None

See comments in summary box at end.

## Small Firms' Impact Test (SFIT)

21. These changes are only relevant to the Public Sector. Although there is a likely impact on audit firms, small and large. As the change is across the sector there are no losses incurred by any size of firm in this sector.

## Competition assessment

22. As above. We do not consider the Competition aspect to be relevant to these changes.

## Enforcement, sanctions and monitoring

### Enforcement

23. Enforcement of these changes will mainly be at the discretion of Auditor and the Audit Commission. Where the SoS is involved the AC Sponsorship team will be in a position to assess and act on any issues of concern.

### Sanctions

24. The amendment to section 49 will also repeal the sanction of imprisonment that is associated with non-compliance of this provision. This is in-line with the commitment given to Parliament and will ensure consistency of criminal law on this matter between England and Wales.

### Monitoring and review

25. As these provisions relate to how the Audit Commission operates, and are based on feedback from them on the effectiveness of the existing legislation, our best review mechanism for these changes would be comments from the Commission and any direct correspondence we would receive on these issues from councils and citizens. We do not consider there to be an alternative cost effect method of monitoring the effectiveness of these changes.

## Summary and recommendation

<b>Option</b>	<b>Total cost per annum Economic, environmental, social</b>	<b>Total benefit per annum Economic, environmental, social</b>
A – Do nothing	– None	– None
B – Implement changes as described	– The economic, environmental and social cost have been evaluated and there is no cost impact	– The economic, environmental and social benefits have been evaluated and it is hoped the cost of dealing with vexatious complainants will be minimised.

## Title of proposal

1. Associated changes to the Audit Commission Act 1998 with respect to the Audit Commission and Benefit Fraud Inspectorate merger.

## Purpose and intended effect of measure

### Objective

2. The Audit Commission will be merging with the Benefit Fraud Inspectorate. As well as the Gatekeeper and inspections functions that have been assessed in the White Paper RIA, the Act will also aim to amend the Audit Commission's legislation with respect to its governance i.e. its name and board membership, and with respect to its powers to conduct National Studies and fee paid improvement studies.

### Background

3. In support of the proposals set out in the White Paper relating to the Performance framework there are four provisions of the Audit Commission Act 1998 which we propose to change, to improve its governance and to clarify its remit as local services inspectorate. These are:

- i) *Update the name of the Audit Commission.*

Remove 'Wales' from the Audit Commission's official legal title which is currently 'the Audit Commission for Local Authorities and the National Health Service in England and Wales'. The Audit Commission's role in relation to Wales has been greatly reduced by virtue of the Public Audit (Wales) Act 2004 with its functions being taken over by the Auditor General for Wales. The Audit Commission only retains jurisdiction for Wales in relation to national studies.

- ii) *Reduce the number of members required on the Audit Commission's Board.*

We propose to reduce the Board from 15-20 to 10-15. Our policy rationale for making this change is:

- The Commission has been carrying vacancies on its Board for the past 18 months and is currently operating effectively with 13 members.

- The (Quinquennial) Financial Management and Policy Review undertaken in 2000 concluded that we should reduce the number of Commissioners to 12.
- The Commission supports this change; Commissioners and senior Commission officials have long been of the view that a board of 15 members is too large for incisive debate of strategic issues. The former Chair, James Strachan, discussed this issue with the Deputy Prime Minister, who agreed that there should be a reduction to a minimum of 10.

Further justification for this change is that the Commission's role in inspecting NHS bodies been taken over by the Healthcare Commission, thus reducing its workload, but we also expect the Commission's time spent on inspection to decrease as result of the Government's commitment to reduce inspection by 30% by 2008-09.

*iii) Amend the Commission's National Studies Power.*

The Audit Commission currently has broad powers to undertake studies to help improve economy, efficiency and effectiveness across local government, housing, criminal justice and fire and rescue services. Given that there have often been duplications of studies produced by other inspectorates we propose to add into the legislation a requirement for the Commission to consult the Secretary of State (SoS) to minimise any duplication.

*iv) Remove the Commission's power to undertake fee paid improvement studies.*

The Commission currently has statutory powers to carry out fee paid improvement studies at the request of the bodies concerned. As the remit of the Advice and Assistance power discussed above is being extended to include Public Bodies in the UK, we consider the Audit Commission's original power to undertake fee paid improvement work would be duplicated and become obsolete. It is because of this duplication that we intend to remove this power. The Audit Commission will still be able to carry out this work through the power to provide advice or assistance at paragraph 9 of Schedule 11 to the Act.

## **Rationale for government intervention**

- 4 As discussed above

## Consultation

### Within government

5. Discussions have not taken place with other government departments on changes to the number of board members, Commission's name and the duty on the Audit Commission to consult the SoS on National Studies as they have little to no direct impact on OGDs or the public in general. The proposal to remove the Audit Commission's power to conduct fee paid improvement work was consulted on under the ODPM consultation paper: *Inspection Reform: the Future of Local Services Inspection*. Respondents were largely supportive of the removal of this power. A summary of the responses to the consultation have been published and can be found on the Department's website at [www.communities.gov.uk/inspectionreform](http://www.communities.gov.uk/inspectionreform)

### Public consultation

6. No public consultation has taken place and we are not proposing to undertake any as the changes do not directly impact on the public.

## Options

7. Two options have been identified: A) Do nothing; B) Implement changes as propose above.

### OPTION A – DO NOTHING

8. If we 'do nothing' it wouldn't significantly impact on the working of the Commission. But it could lead to duplications of National Studies and some confusion as to the Audit Commissions role as the local services inspectorate for England.

### OPTION B – IMPLEMENT CHANGES AS DESCRIBED

9. The proposals identified above would improve and update the existing legislation as well as clarify the Audit Commission's role as the local services inspectorate.

### Alternative options considered

10. None

## Costs and Benefits

### **Sectors and groups affected**

11. The following benefit from these new powers:

- The Audit Commission;
- Audited & Inspected Bodies in England;
- Relevant Public Bodies who would like to invite the Audit Commission to conduct their audit; and
- Government.

### **RACE EQUALITY ASSESSMENT**

12 We do not consider these changes will have an impact on Race Equality as they relate to Audit legislation nationally.

### **HEALTH IMPACT ASSESSMENT**

13. There are no impacts on health.

### **RURAL CONSIDERATIONS**

14. There are no negative impacts on rural issues.

## Breakdown of costs and benefits

### **OPTION A – DO NOTHING**

15. Economic

Benefits: None. Status quo continues.

Costs: None. Status quo continues.

16. Environmental

Benefits: None

Costs: None

17. Social

Benefits: None

Costs: None

**OPTION B – IMPLEMENT CHANGES AS DESCRIBED**

## 18. Economic

Benefits: By providing for the SoS to be consulted on the AC's National Studies programme, duplication of similar studies can be avoided or minimised.

Costs: None

## 19. Environmental

Benefits: None

Costs: None

## 20. Social

Benefits: None

Costs: None

**Small Firms' Impact Test (SFIT)**

## 21. These changes are only relevant to the Public Sector.

**Competition assessment**

## 22. We do not consider the competition to be relevant to changes relating to the number of board members, the Commission's name and National Studies. On the fee paid improvement work we consider the changes will enhance competition in that sector.

**Enforcement, sanctions and monitoring****Enforcement**

## 23. Enforcement of these changes will mainly be at the discretion of the Audit Commission. Where the SoS is involved the AC Sponsorship team will be in a position to assess and act on any issues of concern.

**Sanctions**

## 24. None

## Monitoring and review

25. None proposed.

## Implementation and delivery plan

26. Name Update – We will know when this happens.

Reducing the number of Commissioners – As these appointments are Ministerial appointments it is the department that will maintain/appoint the correct number of Commissioners.

Consulting the SoS on National Studies – As sponsors of the Audit Commission, the Department will be fully aware of whether or not the Audit Commission has met its new statutory obligation to consult the Department on National Studies.

Removing fee paid improvement work – We expect business to continue as usual as only the powers for undertaking this work are changing.

## Summary and recommendation

<b>Option</b>	<b>Total cost per annum Economic, environmental, social</b>	<b>Total benefit per annum Economic, environmental, social</b>
A – Do nothing	– None	– None
B – Implement changes as described	– The economic, environmental and social cost have been evaluated and there is no cost impact	– The economic, environmental and social benefits have been evaluated and the cost of duplicate National Studies will be avoided.

## Title of proposal

1. Future Structures for Patient and Public Involvement (PPI)

## Purpose and intended effect

### Objective

2. These new proposals aim to establish new arrangements for the patient and public involvement system which fit the new NHS and social care structure. The aim of PPI is twofold, firstly simply to involve people in the commissioning and provision of services which their taxes pay for. Secondly, we know that services are better, more convenient and more efficient when they are designed to suit those that use them. PPI aims to improve services by placing users at the centre of the design of these services. PPI therefore has a democratic value, as well as value in terms of improving people's experience of and confidence in services.
3. With 80% of the NHS budget being devolved to PCTs and the increase in joint commissioning between health and social care, commissioners will be the power base of the NHS system. It is therefore vital that mechanisms to support patient and public involvement are positioned at a level which can consider commissioning decisions, as well as more local provision, so that those affected by decisions can have a real influence over the services that are provided in their area. As well as being locally determined, we aim for a system which presents value for money by involving as many people as possible. We also want to ensure that a far greater proportion of the funds go directly to support local involvement activity.

### Background

4. Currently patient and public involvement is supported through a system of patients forums. Forums were established in the NHS Reform and Health Care Professions Act 2002, and there is one Patients' Forum for every NHS Trust (Acute Trusts, Foundation Trusts, Primary Care Trusts, Mental Health Trusts and Ambulance Trusts etc). Patients' Forums are supported by the Commission for Patient and Public Involvement in Health (CPPIH).
5. Currently, the total budget for PPI is c. £28m annually. These funds are given to CPPIH, £19m of which goes on direct forum support with the remainder of funds being spent on central costs, including organisational costs of £4.5m, and costs in the delivery and supporting the delivery of forums of just over £4.5m, which is of course, CPPIH's function. These delivery costs include the

employment and training of CPPIH staff to fulfil those functions. There are currently around 400 Patients' Forums, although this figure changes as PCTs are reconfigured. Each Patients' Forum has on average 10/11 members who are volunteers appointed by CPPIH, meaning that the current system directly involves around 4200 people.

6. It was announced as part of the Arms Length Body Review in 2004 that CPPIH would be abolished. The redirection of funds from the Commission for Patient and Public Involvement in Health (CPPIH) to the front line supports a wider agenda set by the Arms Length Body Review.

### **Rationale for government intervention**

7. The changing structure of the NHS, with an increasing plurality of providers and more focus on commissioning means that it is no longer appropriate to have a PPI system which is based around individual providers. In the current system, each Patients' Forum scrutinises the services of its individual body (hospital trust, specialist trust, PCT etc).
8. We wish to create a system of PPI which is capable of following the whole user experience, rather than looking at services in isolation. For this reason we wish to create a system which can apply equally to health and social care, which can encourage involvement and input from people who use, or might use, any health or social care services in the area.
9. Currently CPPIH has the role of supporting Patients Forums and recruiting forum members. Once CPPIH is abolished, there will be no means of supporting Forums, meaning that the existing system is unsustainable over the medium to long-term.

10. The changes in the health system, and the move towards joint commissioning of health and social care services also means that, unless updated, the current system will increasingly be unable to support user involvement in all relevant services.

## Consultation

11. Department of Health officials and ministers have been working closely with other government departments in the development of these proposals. As the proposals have a bearing on local government, and are closely related to government policy in this area, Communities and Local Government has been particularly involved in the development of these plans.
12. Following the publication of Commissioning a Patient Led NHS and the reconfiguration of PCTs, Ministers announced a strategic review of the PPI system. The review of PPI formed part of the consultation leading up to *Our health, our care, our say: a new direction for community services* White Paper, which was published in January 2006.
13. Following the publication of the White Paper an Expert Panel was established to consider all the evidence collected during the review and made recommendations to Ministers on the future for PPI. This evidence included the messages we heard from all those involved in the review activities. Forum members directly influenced the national review of PPI through a series of regional events in Autumn 2005 which over 150 Forum Members attended, as well as CPPIH staff and representatives from Forum Support Organisations, and through the online survey which received over 300 responses from Forum members. In addition, we received detailed email and written correspondence from a large number of Forum members.
14. Following the Expert Panel Report, Ministers published *A Stronger Local Voice*, in July 2006, a document for information and comment. This represented a limited consultation on specific issues regarding the proposed policy, and was eight weeks long, given the extensive consultation that had already been conducted.
15. In addition, policy officials have held a number of workshops with key stakeholders to discuss policy development, and give those affected a chance to influence and shape these plans. This includes working with the Local Government Association, Local Government Representatives, NHS Representatives and people from the voluntary and community sector.

16. The Department held a national *Getting Ready for LINKs* event in December 2006, and is currently running 9 regional events to increase awareness of the plans for LINKs and learn from the early adopter test sites.

## Options

17. Three options have been identified:
  - A) Do nothing;
  - B) Replace Forums with Local Involvement Networks (LINKs);
  - C) Replace Forums with LINKs and strengthen Section 242 (The duty on the NHS to involve and consult patients and the public)

### **OPTION A – DO NOTHING**

18. This would involve no change to the current arrangements for involving the public. This carries with it some risks:
  - a. the current system is not engaging the public as widely as possible, as only 4200 people are directly involved in patient forums.
  - b. forums are based around NHS institutions in a system which is changing to have an increasing plurality of providers from different sectors. Currently the system is focused on individual institutions rather than the whole patient journey, the increase in joint commissioning between health and social care also means a more joined up system is required.
  - c. once CPPIH is abolished there will be no means of supporting Forums, meaning that no members are recruited or trained, and there is no infrastructure to pay expenses.

### **OPTION B – REPLACE FORUMS WITH LOCAL INVOLVEMENT NETWORKS**

19. The Government is already committed (in the Arms Length Body Review 2004) to abolishing the CPPIH as soon as legislation permits. As CPPIH supports Patients' Forums, this cannot be done without a change in the current system for supporting Patients' Forums.
20. In this option, Forums would be replaced by Local Involvement Networks (LINKs). There will be one LINK for every local authority with social service responsibilities, which are largely co-terminus with the new map of PCTs.
21. A LINK's activities would be:

- Promoting and supporting the involvement of people in the commissioning, provision and scrutiny of health and social care services;
- Obtaining the views of people about their health and social care needs;
- Gathering the views of people on their experiences of health and social care services;
- Enabling people to monitor and review the commissioning and provision of care services; and
- Conveying those views to organisations responsible for commissioning, providing, managing and scrutinising health and social care services, and making reports and recommendations to those bodies on how services may be improved.
- A LINK must prepare an annual report addressing such matters as the Secretary of State may determine, including details of any monies that have been spent in respect of the LINK and how those monies have been used sending a copy to the local authority that is providing funding, PCT(s), the SoS, their SHA, local OSC(s) and it should be publicly available.

22. It is intended that the powers of LINKs will be set out in regulations.

These include the power to:

- make reports and recommendations and receive a response within a specified timescale;
- request information and receive a response within a specified timescale;
- refer matters to an Overview and Scrutiny Committee and receive an appropriate response; and
- enter and assess health and some social care premises.

23. We intend to conduct a full consultation, and produce a RIA on these powers before the secondary legislation is brought before parliament. These powers are, similar to those that currently exist for Patients Forums, however, the main difference is that they will largely extend to social care bodies as well, because LINKs will cover health and social care matters, whereas Forums only consider health issues.

24. This option carries some potential risks:

- (i) Asking local authorities to procure a 'host' organisation to support the LINK could place an additional burden on local authorities. However, we intend to ensure that any additional burden is paid for out of the funds given to local authorities from the Department of Health. We estimate

that the cost to local authorities to administer and monitor contracts with host organisations will vary according to the nature of their area and each local authority's infrastructure. As most local authorities already have procurement departments in place, we do not expect this cost to be too high, and is likely to be on average around £10,000 per local authority.

- (ii) Possible disillusionment of Forum Members at a change in the system and the abolition of Forums. We are very clear that we hope that forum members will become involved in the new system, and that their expertise built up over the past years will be vital to the success of LINKs. We are sending out key messages to this effect. In addition to this, we are running Early Adopter Projects around the country to test out how LINKs will work in practice and to learn from the experience of Forums, and work on the transition arrangements.
- (iii) There have been concerns expressed that LINKs could be subject to being dominated by a vocal single issue group. It will be the responsibility of the 'host' organisation to ensure that LINKs seek to be representative of the concerns of the whole community. This will be set out in the model contract specification which will be issued by the Department of Health to assist local authorities in tendering for an organisation to 'host' the LINKs. This risk is no more likely than that which exists currently under the patients' forum arrangements.

#### **OPTION C – REPLACE FORUMS WITH LINKS AND STRENGTHEN SECTION 242**

- 25. This option would include all of Option B, and in addition, the requirement set out in Section 242 of NHS Act 2006, for NHS bodies to involve and consult the public would be clarified and strengthened and placing a new duty placed on commissioners of healthcare to respond to these groups.
- 26. The updated Section 242 would state that all NHS organisations must have regard to statutory guidance issued by the Department of Health, in meeting the requirements of this duty.
- 27. The clarification seeks to ensure that the duty to consult users would only apply when developments and decisions affecting services would have a substantial impact on services. This is aimed to ensure that consultation is only undertaken when a change is being considered that would have an actual impact on users of services. The intention is that guidance would be produced on this in due course. The objective is to ensure that all consultation undertaken is meaningful, and that 'consultation fatigue' is avoided.

28. This option carries some potential risks:
- i. It is not intended that this would extend to social care, meaning that there could be criticism that the legislation is not joined up across the system. However, there is a different legislative framework in place in the social care system, the duty to involve local representatives, which is also provided for in this Act, will also mean that local authorities will safeguard and strengthen arrangements by which social care services are informed by the needs and experiences of the people using them.
  - ii. There is potential for uncertainty about what constitutes a ‘substantial’ change, and when consultation should be undertaken. The Department of Health will work with key stakeholders, such as the NHS Confederation, to issue guidance on this in due course.

## Costs and benefits

### Sectors and groups affected

29. The proposals will affect those involved in the current system, such as Patient’s Forum members, Forum Support Organisation staff and CPPIH staff. It will also affect commissioners and providers of health and social care services and patients and the public, as well as voluntary and community sector, who will have the opportunity to be involved in the new system.

Patient and public involvement is a significant challenge, potentially affecting all who use health and social care services.

## Benefits

### OPTION A – DO NOTHING

30. There will be no additional benefits from doing nothing. Over time the system will become less effective and offer fewer benefits without CPPIH to support forums. Currently £28m is spent on CPPIH, forum support organisations and Patients’ Forums. This money goes towards supporting the involvement of a relatively small number of people, and in that context, does not represent value for money.

### OPTION B – REPLACE FORUMS WITH LOCAL INVOLVEMENT NETWORKS

31. There are two key benefits to Option B:
- (a) the opportunity for the involvement of a greater number of people and a stronger voice for the community
  - (b) better use of funds spent on PPI

32. It is intended that the same amount of funding will go to the new system as is currently spent on PPI. These measures are not about saving money, but about better use of existing funds
33. These networks will provide a flexible vehicle for communities and groups to engage with health and social care organisations, and will promote public accountability in health and social care through open and transparent communication with commissioners and providers.
34. LINKs will aim to build on the existing expertise of the voluntary and community sector as well as current Patient Forum members, to tap into existing knowledge, assist good work already being done and build capacity in these areas.
35. Currently approximately £9m is spent annually on supporting CPPIH, which represents 32% of the total PPI budget. While everything CPPIH does is in the support of Patients Forums, we believe that some of these funds could be better spent at the local level. For example, the cost of employing a member of CPPIH staff to assist in recruiting members to patients forums could be better spent by employing someone at the local level to facilitate a LINK's activities, including seeking members and wider public involvement.
36. It is our expectation that the same amount of funding will go to the new system as is currently spent on PPI, however, the £9m that is currently spent by CPPIH will be distributed, along with the rest of the funds, to local authorities to establish LINKs. There will of course still be administrative costs involved in undertaking LINK activities, however, spending money at the local level offers particular advantages, not least, that each LINK will have control of its own funds which will be held for it by its host organisation. The LINK will be able to decide how best to spend them in support of their activity according to local need and circumstance.
37. We are unable to provide a detailed estimate of the costs of administering the new PPI system because of a lack of suitable data, likely differences in the circumstances/set-up of individual LINKs and because of difficulties discriminating between expenditure on policy costs and administration costs
38. This proposal will have beneficial effects for all those involved in the PPI system:
  - **For the public** – the new system will allow many more people to become involved in health and social care. A wider diversity of views will be heard, and local voice will be strengthened. The ultimate benefit of a wider-ranging PPI system is that more people will have the opportunity to be involved, in ways that

suit them, in decisions about their health and social care system. This should lead to great clarity about priority setting, and improvement in services as they will be better shaped to suit the needs of those that use them.

- **For commissioners** – the LINK will provide commissioners with a first point of contact for involvement and engagement. It will be a pool of local knowledge and expertise which will help commissioners assess the needs of local populations. Involving the public through consultation with the LINK will be a way in which commissioners take decisions which best reflect the public's need.
- **For providers** – We hope providers will benefit from having a close working relationship with their LINK, who will be able to give them data on patients views from the information they gather, and assist them to improve their services. We have committed to conducting a consultation on the way in which LINKs powers, for example to enter and view premises or request information will be implemented. These will obviously have an impact on providers as well as commissioners of services. We will conduct a regulatory impact assessment on the regulations which will set out these duties to comply with LINKs' powers once the consultation has determined how these regulations will be exercised.
- **For Overview and Scrutiny Committees (OSCs)** – The OSCs of local authorities currently scrutinise health and social care services. The LINKs will benefit OSCs as they will bring issues affecting the local community to the OSCs' attention for review. In addition, they will also be a resource for the OSCs to help them understand issues which the local community feel strongly about.

#### **OPTION C – REPLACE FORUMS WITH LINKS AND STRENGTHEN SECTION 242**

39. This will include all the benefits listed under Option B, decision making will be much more transparent, as PCTs will be required to explain how their decisions have been reached, and how they have taken account of local views. In addition, consultation activity will be more effectively targeted at those issues upon which affect patients.
40. Much of the evidence we have heard from those involved in the current system, is that though members of the local community may be fully engaged, they are often frustrated as they cannot see how their views have had an effect on decision making. The duty to respond will address this, as commissioners will be required to state how they have consulted with people, what views they have heard, and how they have taken these views on board.
41. This should lead to a constant dialogue between the public and commissioners, involving the public at all stages of the decision making process, rather than merely consulting once decisions have been taken.

42. This duty should promote the meaningful involvement of patient and the public, where the public can see how their views are being taken on board. This should foster a better relationship between local communities and NHS bodies. This in turn could benefit commissioners and providers, as it will promote local buy-in for decisions taken, ultimately leading to a more effective dialogue.

## Costs

### **OPTION A – DO NOTHING**

43. It has already been decided that CPPIH will be abolished, if forums are not also replaced, then an alternative system to support Forums would need to be found, this would require funds to support, meaning that the savings from the abolition of CPPIH would most likely not be realised.

### **OPTION B – REPLACE FORUMS WITH LOCAL INVOLVEMENT NETWORKS**

44. The cost of managing the contracts of those supporting LINKs will be funded out of PPI budgets, so these will incur no additional cost for the local authority. Using the example of IMCA (Independent Mental Capacity Advocates), which uses a similar set up, whereby local authorities commission services and manage contracts, we predict that the commissioning and managing of contracts with hosts should not take more than 6 weeks of a local authority employee's time, and therefore should cost no more than £10k.
45. There will be no additional costs arising from this option. The cost of establishing LINKs will be met by re-directing money from CPPIH and Forums once these are closed down. There will be no additional burden.
46. As the remit for LINKs extends to social care as well as health, this does mean that those responsible for commissioning and providing social care will be required to respond to approaches made to them by LINKs. For example, local authorities will be under a duty to respond to requests for information, and to the reports and recommendations made by LINKs. Although this could represent a new burden, the effect will be minimal as those responsible for commissioning and providing social care already receive many approaches from individuals, groups and organisations, and even the busiest of LINKs is unlikely to increase the burden by any noticeable amount.

### **OPTION C – REPLACE FORUMS WITH LINKS AND STRENGTHEN SECTION 242**

47. There could be very minimal extra costs associated with this option, as the duty to respond could require some additional work for staff working in PCTs to explain their decision making process.

48. However, we think that any extra costs will be negligible, as they will be off-set by the following factors:
- Some PCTs already involve, consult and respond to the public very well. For those performing well, this new duty will require no extra effort or resources.
  - PCTs' consultations will be more efficient, as they will engage with a single LINK rather than a variety of different forums representing different trusts. This will make consultation much more efficient, and PCTs will be able to use the expertise already existing in the voluntary and community sector to consult local people, and specifically hard to reach groups. (PCTs will of course need to continue consulting more widely than simply the Forum or LINK.)
  - More explicit guidance on consultation will benefit PCTs as their duties will be clearer, and it will be easier for them to comply with rules regarding involving the public.
  - There will be no additional costs on NHS or independent sector providers, as the current duties on NHS providers are only being clarified, not increased, and responsibility for involvement and consultation on services provided by the independent sector will continue to lie with the NHS commissioners.

### **Equity and fairness including race equality assessment**

49. We consider that there will be no disproportionate effect on any group as a result of Options B and C. Option A, whilst imposing no effect itself, will do nothing to wider involvement of all sectors of the community.

Screening Questions	Yes/No
1. Do different groups have different needs, experiences, issues and priorities in relation to the proposed policy?	Yes
2. Is there potential for or evidence that the proposed policy will promote equality of opportunity for all and promote good relations between different groups?	Yes
3. Is there potential for or evidence that the proposed policy will affect different population groups differently (including possibly discriminating against certain groups)?	No
4. Is there public concern (including media, academic, voluntary or sector specific interest) in the policy area about actual, perceived or potential discrimination against a particular population group or groups (or potential or actual damage to good race relations)?	No

50. It is likely that different groups will have different needs, experiences and issues in relation to this policy. Some groups, for example, the elderly, or disabled, may need extra help in being able to input their views into a LINK, or those who are socially unused to giving their opinions may need more encouragement to become involved. A LINK will need to make particular efforts to access the views of these groups, to ensure that they are able to represent the views of the entire community.
51. There is a potential for this policy, and the introduction of LINKs to have a great influence in promoting equality of opportunity. Currently Patient Forums have on average eight members each, this small number of people cannot hope to be representative of the whole community. LINKs will offer opportunities for many more people to become involved. They will also offer a much more flexible membership, people will be able to dip in and out of involvement in a way that suit them. Currently the time requirement of being a Patients Forum member bars many people from volunteering because it is too onerous. We hope that offering people the opportunity to become involved in different ways will encourage much wider participation.

### **Steps to promote equality of access and representation**

52. During the process of developing this policy, the question of equality of access and representation in LINKs has been a primary concern. This will be promoted by setting out in guidelines that a LINK should make efforts to be representative of the whole community.
53. The diversity and representation of the LINK may be one of the factors on which the host is performance managed. It will be written into the model contract which will be issued by the Department of Health to assist local authorities in their tendering for an organisation to host the LINK. It will be recommended that one of the contractual duties of the host organisation will be to ensure that the LINK represents all sectors of its community.
54. The impact this policy has in terms of diversity will also be monitored. There will be specific things that a Host will need to report to their local authority on the work they have done to access the views of the whole community will be included in this. The Act gives the Secretary of State the power to direct what a the annual report on the LINK's activity must address.

### **Small Firms' Impact Test (SFIT)**

55. We envisage no impact on small firms as a result of this measure.

## Rural proofing

56. These plans are designed to give a local voice to people, allowing communities to express their views and influence the services in their area. The geographical area as well as population of the Local Authority areas for which LINKs will be established vary widely. The LINKs will therefore have to develop ways of working that suit their population, whether it be urban, rural, large or small. The amount of funding given to each local authority will be dependent on a formula that takes into account its population size and circumstances, therefore, all LINKs should have appropriate funding for their area. It will also be a requirement that LINKs take steps to ensure that all the people in their community have the opportunity to become involved, therefore, we do not believe that these plans should have any differential rural impacts.

## Enforcement, sanctions and monitoring

57. A LINK must be held to account for its activities by the local community. It must provide evidence that it is delivering a credible work programme, based on local priorities, that meets local needs. This evidence needs to demonstrate active outreach and engagement with communities and the outcome of this work. It needs to demonstrate the impact the LINK has had on local health and social care provision.
58. The LINK will report to the Secretary of State for Health on an annual basis on its activities. The report will be independent of the Local Authority and be produced with the support of the Host organisation. This report should also be made publicly available. The report should provide details of:
- How much money was spent on the LINK at a local level;
  - How many people were 'involved' and how – what it has done in the course of the year including details of whom it has heard from, what subjects it dealt with, what were the outputs of its activities and what happened as a result; and
  - General themes about the health and social care needs of local people and about the perceptions of health and social care services.
52. Examples of the contents of the report will be part of the supportive materials set out in the LINK guidance to enable individual reports to be summarised into a National LINKs report. The Secretary of State may also issue Directions on what should be included in the LINKs report.
53. The newly established NHS Centre for Involvement will have a specific focus to evaluate the effectiveness of PPI Policy and Practice and their outcomes, and so

would have a role in monitoring LINKs. This does not have any additional cost implications as it has already been funded for the next three years.

54. Option C – representing the updated Section 242 will be monitored by the Healthcare Commission, through their Core Standards which they inspect against.
55. In addition, the newly funded NHS Centre for Involvement will fulfil a support mechanism – disseminating best practice amongst NHS bodies, and offering advice on how to fulfil the duties set out in Section 242. This support will also make it easier for NHS bodies to be sure they are fulfilling their duties.

## Summary and recommendation

56. In summary, we recommend Option C, that Patients' Forums be abolished and Local Involvement Networks should be established in their place. In addition, that Section 242 should be clarified and strengthened, setting out duties to involve and consult the public on health services.
57. We believe that this would represent a PPI system that matches the changes in the structure of the NHS as well as the closer working between the health and social care systems. It should also represent some significant improvements as it should enables a far greater number of people to become involved in improving their health and social care services.

## Title of Proposal

1. Provision on **Joint Waste Authorities**.

## Purpose and Intended Effect of Measure

### Objective

2. To improve the ability of local authorities to manage their waste more efficiently and effectively, particularly in two-tier areas, by allowing them to work together in a statutory joint waste authority.

### Background

3. Across England, there are currently there are 80 "single tier" local authorities which are responsible for both waste disposal and waste collection in their areas. There are 40 "two-tier" areas in which responsibility for waste collection is held separately from responsibility for waste disposal. In these areas, the waste disposal authority is one of 34 shire counties or one of the six statutory Joint Waste Disposal Authorities whereas the district and borough councils within these areas remain responsible for waste collection.
4. In Wales, there are currently 22 "single tier" local authorities which are responsible for both waste disposal and waste collection.
5. In England, the separation of decision-making powers and funding streams in two-tier areas can significantly inhibit the efficiency of the waste management function. Furthermore, not all local authorities are necessarily the optimum size to deliver waste services efficiently. There are potential efficiency savings to be gained, particularly for smaller authorities, by working in partnership with neighbouring authorities.
6. Joining up waste collection and disposal has the potential to create greater efficiencies and lower burdens. Several of Defra's waste policies have been targeted at driving greater partnership working, and there are some good best practice examples. A Joint Working in Waste project, run through the Innovation Forum by a group of CPA excellent-rated authorities, was set up in December 2004 to identify and propose solutions to barriers to joint working between local authorities. The final report published in July 2006 highlights the benefits of joint working. It calls for legislative changes to make partnership working easier. Similar calls have been made in the context of a proposed review of certain aspects of the Wales Waste Strategy, 'Wise about Waste'.

7. One of the key barriers to joint working identified by the Innovation Forum report is the limited legal basis for joint working arrangements. This creates difficulties when authorities are dealing with the private sector (i.e. private waste contractors and financial institutions). A mechanism which allowed authorities to enter into a legal commitment to work together with a statutory basis would give certainty to potential lenders and contractors. Another barrier identified is the complexity of joint financing arrangements and the pressure on individual authorities to optimise their individual rather than joint financial position. There is also the requirement for individual authorities to undertake their scrutiny functions separately which can slow down the joint decision making process. Allowing authorities the option to apply for the creation of a formal joint waste authority would significantly reduce these problems.
8. A further problem with joint working at present, using partnership models, is that a single authority within the partnership is required to take responsibility for employing staff and signing contracts. A further benefit from joint waste authorities would be that the individual authorities would no longer need to separately report statistics – which in itself would allow for greater joint working (e.g. running waste collection trucks across authority boundaries, as there would be no need to measure waste separately).
9. Local authorities in Wales are exploring opportunities for collaborative working through the ‘Making the Connections: Delivering Better Services in Wales’ initiative, and are looking at the joint procurement of waste facilities through Value Wales<sup>17</sup>. Joint waste authorities would provide a further opportunity for effective co-operation.

### **Rationale for government intervention**

10. Waste is cited as one of the top pressures on council tax, and therefore realising efficiencies is a priority. The Spending Review announcement in 2004 included local government efficiency gains on waste and street cleansing services of £300m by 2007/08. In England, partnership working is one of the ways local authorities can realise £300m efficiency savings. The Innovation Forum final report highlights the benefits of joint working, citing possible efficiency savings of up to £150m nationally. Government considers it essential that we take measures to make partnership working easier for local authorities.

<sup>17</sup> Value Wales provides procurement support across the public sector in Wales.

## Consultation

### **Within government**

11. Ministers and Officials in the Department for Environment, Food and Rural Affairs have worked closely with colleagues in the Department for Communities and Local Government in preparing these proposals. Discussions have also taken place with officials at HM Treasury.

### **Public consultation**

12. Joint working has long been recognised as vital to delivery of high quality waste services in a cost effective manner. Many authorities have moved to develop formalised partnership arrangements to jointly tackle the increasing pressures of waste management but there are barriers to joint working. We have had a long process of discussions with local authorities on joint working and therefore there is no need for further consultation.
13. The benefits of a more formal basis for joint working are recognised by authorities, and Defra has been approached twice by authorities investigating whether there would be benefits in requesting Government to form them into statutory Joint Waste Disposal Authorities under existing legislation.

## Options

14. Two options have been identified:
  - A) Do nothing
  - B) Introduce a new power to allow for the creation of joint waste authorities.

### **OPTION A – DO NOTHING**

15. Doing nothing is not the best option. With waste cited as one of the top pressures on council tax, realising efficiencies is a priority. Local authorities in addition have to meet challenging local and national waste management targets. Joining up waste collection and disposal has the potential to create greater efficiencies and lower burdens.

### **OPTION B – INTRODUCE A NEW POWER TO ALLOW FOR THE CREATION OF JOINT WASTE AUTHORITIES**

16. This option would introduce a new power, which would allow for the creation of joint waste authorities. These would consist of local authorities that have agreed to work together to discharge their waste functions. The new authorities would have transferred to them the waste functions of the constituent authorities and would be responsible for discharging those functions.

## Costs and Benefits

### **Sectors and groups affected**

17. This proposal will only affect the public sector; specifically local authorities that agree to work together as a joint waste authority.

### **RACE EQUALITY ASSESSMENT**

18. We have assessed the likely impact of our proposals on race equality and do not consider that our proposal has a disproportionate or negative effect on different ethnic groups.

### **HEALTH IMPACT ASSESSMENT**

19. The RIA health filter questions were applied to the proposed power to create joint waste authorities. The questions were used to assess whether there are any significant impacts on health from this proposal. The outcome from these questions identified that the proposal would not have a direct impact on health and therefore a full health assessment would not be necessary.

### **RURAL CONSIDERATIONS**

20. The proposal would not have any adverse affects on rural communities.

## Breakdown of costs and benefits

### **OPTION A – DO NOTHING**

21. There are no benefits associated with this option as retaining the current position would not allow local authorities to realise the potential efficiency savings that can be gained from joint working.

### **OPTION B – INTRODUCE A NEW POWER TO ALLOW FOR THE CREATION OF JOINT WASTE AUTHORITIES**

#### *Benefits*

22. In England, partnership working is one of the ways local authorities can realise efficiency savings. Several of Defra’s waste policies have been targeted at driving

greater partnership working, and there are some good best practice examples (e.g. East Sussex, Shropshire). The Innovation Forum final report highlighted the benefits of joint working and cited possible efficiency savings of up to £150m per annum nationally. With local government required to achieve efficiency gains on waste and street cleansing services of £300m by 2007/08, making partnership working easier is vital. The Shropshire Waste Partnership has estimated that joint working could deliver 11% costs savings.

23. This option would provide environmental and social benefits. Improved joint working can provide more effective service delivery in terms of higher recycling rates and successful minimisation and prevention initiatives. There is also evidence of waste and recycling services improving in terms of customer satisfaction as a result of better joint working. Customer access to services can be improved and concepts such as unified branding help raise levels of awareness and understanding resulting in more support and higher recycling rates. It can also provide environment benefits such as reduced carbon emissions from efficient transport arrangements as authorities would be able to run waste collection trucks across boundaries in the more efficient route rather than be restrained by authority boundaries.

#### *Costs*

24. This measure will allow the voluntary creation of joint waste authorities. The joint waste authorities would consist of local authorities that have agreed to work together to discharge their waste functions. There would be some initial set up costs for the joint waste authorities and associated transitional costs but these would be minimal compared to the costs savings that would be made by the joint waste authority. Those Local Authorities who agreed to work together would be responsible for the set up costs of the joint waste authority but would take these costs into account in their decision to form a joint waste authority.
25. There would be no environmental or social costs associated with this option.

### Small Firms' Impact Test (SFIT)

26. No disproportionate costs or benefits to small firms arising from the power to create joint waste authorities have been identified as the changes affect the public sector.

### Competition Assessment

27. The changes affect the public sector and so have no direct affects on business and so no implications for competition.

## Enforcement, Sanctions and Monitoring

### **Enforcement**

28. The power to create joint waste authorities will be created in primary legislation and the creation of joint waste authorities will be carried out through secondary legislation. Local authorities would be legally bound into a joint waste authority. The joint waste authority could be dissolved by the Secretary of State following a unanimous request from all the members of the JWA. The Secretary of State would also have the power to wind the authority up without receiving a request from authorities where he considers this necessary.

### **Sanctions**

29. Not applicable.

### **Monitoring and review**

30. The Government already has in place a set of Best Value Performance Indicators to measure waste arisings and the volumes of waste diverted, it is felt that these will be sufficient to monitor the impact and effect of creating joint waste authorities.

## Purpose and Intended Effect of Measure

### Objective

1. To provide a statutory under-pinning to the work that PCTs and local authorities undertake in order to place people at the centre of commissioning decisions, based on more effective joint planning
2. The provision will require PCTs and local authorities to undertake a Joint Strategic Needs Assessment for their local population. Guidance will set out that the findings of this assessment should influence the development of the Sustainable Community Strategy (SCS) and therefore the Local Area Agreements (LAA). This will help to deliver more effective and strengthened commissioning for health and wellbeing.

### Background

3. This draft legislation supports the Commissioning Framework for Health and Wellbeing, published on 6 March, which followed on from the Commissioning Framework published in July 2006. The Commissioning Framework for Health and Wellbeing sets some of the direction of travel first described in the White Paper, *Our Health, Our Care, Our Say*, namely helping people to stay healthy and maintain their independence, as well as tackling health inequalities where they exist.
4. This RIA is predicated on the publication of Commissioning Framework for Health and Wellbeing Guidance in due course. A Commissioning Framework RIA has been produced which considers how PCTs and Local Authorities will use a Joint Strategic Needs Assessment<sup>18</sup> to make effective commissioning decisions to support the health and wellbeing of the community that they serve.
5. The Framework itself is consistent with the main themes of the Local Government White Paper, *Stronger and Prosperous Communities*, which introduces the need for greater partnership working across PCTs, social services and wider local government in order to achieve better health and wellbeing outcomes. The focus for delivering this element of collaborative working is the Joint Strategic Needs Assessment set out in the Commissioning Framework for Health and Wellbeing, and the new responsibility on PCTs and LAs to work together in carrying them out, set out here.

<sup>18</sup> See p64, Annex A *Joint Strategic Needs Assessment – Commissioning Framework for Health and Wellbeing*

6. There are a number of existing legislative frameworks which govern partnership working between health bodies and local government, including:
  - The NHS Act (2006) requires NHS bodies and local authorities to co-operate with one another in order to secure and advance the health and welfare of the people of England and Wales, in exercising their respective functions. The Act provides mechanisms to assist in developing partnership, including pooled budget arrangements under section 31
  - The Health and Social Care Act (2001) enables health bodies and local authorities to enter into formal care trust arrangements (Section 45) and under section 45 of the (2001) Act. Section 46 allows for the Secretary of State to direct bodies to enter into partnership
  - The Children Act 2004 requires each children’s services authority in England to make arrangements to promote co-operation between the authority and its partners to promote the well-being of children (in the five domains set out in Every Child Matters); and each partner to co-operate with the authority.
  
7. Section 4 of the Local Government Act (2000) placed the Sustainable Community Strategy on a statutory footing by placing a duty to produce one on local authorities. This Local Government and Public Involvement in Health Act 2007 takes that further by seeking to extend the requirement on local authorities to “consult and seek the participation of such persons as they consider appropriate” when it prepares the SCS to specifically require responsible local authorities (i.e. upper tier authorities) to consult and seek the participation of the named partners including PCTs.

### **Rationale for government intervention**

8. The Government have recognised the critical role of LAAs in the new system for agreeing and delivering priorities locally by placing provisions in this Act, which place them on a statutory foundation. The Act also provides for the establishment of a formal overarching framework for partnership between key partners. This includes;
  - A duty on upper-tier local authorities to produce a Local Area Agreement and to consult named partners and such other persons as they consider appropriate;
  - A duty on the local authority and named partners to co-operate with each other to agree targets in the Local Area Agreement;
  - A duty for relevant named partners to have regard to targets in the Local Area Agreement.

9. Many local partnerships between PCTs and local authorities are well established and facilitate joint planning to help deliver sustained improvements in the commissioning and provision of services to their local community. For a significant number of PCTs and local authorities however, this level of partnership working is not in place. In such areas as these, greater collaborative working and prioritising will help them to realise new efficiency savings. Independent evaluation of Local Strategic Partnerships and early rounds of LAAs, suggest that levels of partnership working vary significantly, In particular:
- LSPs have variable levels of engagement from NHS partners;
  - Few localities have developed their Local Delivery Plans and Local Area Agreements in partnership or synchronised them effectively;
  - LSPs have commonly been steered by the lead executives of the Local Authority but few have included Directors of Adult Social Services or (previously) Directors of Social Services;
  - engagement with NHS partners has not been at a sufficiently senior level to develop joint strategies for health and social care as a key objective;
  - Local partnerships have been placed under significant added strain where lead NHS or Local Government partners have faced financial deficits. Reliance on voluntary agreements can dilute partnerships between Local Government and the NHS and LSPs often lose their focus on health and social care.
10. The duty on PCTs and LAs takes forward commitments made in *Strong and Prosperous Communities*. It sets out the duty under which PCTs and local authorities will work in partnership to develop a Joint Strategic Needs Assessment of the health and well-being needs of the local community. Through statutory guidance, this assessment will be positioned to feed into the SCS, and therefore influence the targets, within the LAA.
11. Many local authorities and PCTs are already meeting their commitments by providing strong strategic leadership on health and well-being issues and are working collaboratively to deliver services that reflect local needs. The provisions will be sufficiently “light touch” to enable existing successful partnership arrangements to continue unaffected.
12. This duty, together with the Commissioning Framework will ensure that this good practice becomes commonplace across England. It will ensure that those organisations that have failed to develop effective partnerships – so leading to significant and unacceptable variation in practice – are required to put in place arrangements that will lead to effective partnerships.

## Consultation

### Within government

13. Government Departments have been involved throughout the drafting process for the *Strong and Prosperous Communities*. Communities and Local Government have assisted in the detailed development of this proposed amendment and the drafting of the Commissioning Framework for Health and Wellbeing.

### Public consultation

14. As set out in *Strong and Prosperous Communities*, we will be inviting views on the effective implementation of the new requirement to produce a joint strategic needs assessment. Ministers have engaged a number of local authorities, the LGA and the ADSS on the need for a duty of this nature. Much of the detail of precisely what processes and documentation could be involved in this new policy have been set out in the Commissioning Framework for Health and Wellbeing and we will derive the main elements of this from the consultation process, which began earlier in March 2007.

## Options

15. The two options that have been identified here do not extend into the territory of the Commissioning Framework for Health and Wellbeing, but are limited to the effect of the duty alone:
  - (a) Rely upon current provisions set out in the Local Government and Public Involvement in Health Act about LAAs and SCSs, and the forthcoming non-statutory guidance on commissioning for health and well-being to improve the quality and extent of partnership working between health bodies and local authorities;
  - (b) Introduce a new statutory under-pinning to the work that PCTs and local authorities will need to undertake to deliver effective Local Area Agreements (LAAs) and Sustainable Community Strategies. The provision will require PCTs and local authorities working as a “health & wellbeing partnership” to undertake a joint strategic needs assessment of the health & wellbeing needs of its local population.

## Costs and Benefits

### Sectors and groups affected

16. Costs would fall on:
- PCTs
  - Upper tier local authorities: Counties, Unitaries, London Boroughs
  - Second tier local authorities who have responsibility for health or social care services
17. As well as those bodies identified above, the benefits would also fall on:
- The public sector bodies listed as being under the duty to co-operate
  - Patients, carers and service users would be the main beneficiaries, as they would have greater access to personalised and integrated services.
  - Third Sector: charities, social health & social care enterprises as they are included in the commissioning framework

### RACE EQUALITY ASSESSMENT

18. A full REIA has been completed for the Commissioning Framework for Health and Wellbeing and can be found at; [http://www.dh.gov.uk/en/Publicationsandstatistics/Legislation/Regulatoryimpactassessment/DH\\_072612](http://www.dh.gov.uk/en/Publicationsandstatistics/Legislation/Regulatoryimpactassessment/DH_072612)

### HEALTH IMPACT ASSESSMENT

19. This proposal should have a significant and beneficial impact on the partnerships that deal with the health and well-being of local people. This duty will support some of the core strategic outcomes for the White Paper *Our Health Our Care Our Say*, in particular those around better integration and personalisation of care. The forthcoming and associated Commissioning Framework for Health and Well-being is also designed to give NHS commissioners a framework for more effectively commissioning services in ways that will better support the whole community in attaining better levels of health and wellbeing. This builds on the strategies first outlined in *Our health, our care, our say* and *Health reform in England: update and commissioning framework*.

### RURAL CONSIDERATIONS

20. No adverse impacts on rural areas are envisaged through these provisions, or through the implementation of any elements of the Commissioning Framework for Health and Well-being. The importance of the JSNA is that it effectively considers the needs of the particular community it is being undertaken on behalf of. This means that it will be as beneficial for rural areas as it is for urban or suburban areas as all needs will be reflected.

## Breakdown of costs and benefits

### **Option (A) – Use current legal framework set out in the LGPIH Act**

#### **ECONOMIC**

21. There are not expected to be any additional costs beyond those associated with the Duty to prepare a Local Area Agreement (see Annex A, objective 4 of the Local Government and Public Involvement in Health Act RIA).

#### **ENVIRONMENTAL**

22. There will be no new costs or benefits.

#### **SOCIAL**

23. The proposals set out in this section of the White Paper will reinforce partnership working where it is already effective (without creating additional costs). Where partnerships are not currently effective, these proposals will encourage local authorities to convene partnerships in order to achieve significant benefits that will flow to local communities in the form of more joined-up planning and service delivery and better outcomes.

### **Option (B) – new duty to co-operate to deliver improved health and well-being**

#### **ECONOMIC**

24. The Commissioning Framework for Health and Wellbeing consultation period will help us to further quantify the benefits of a more seamless health and social care system. Mutually agreed outcomes, better integration of care pathways and co-ordination of services are likely to result in, for example, prevention of the onset of problems, fewer re-admissions to hospital and fewer visits to primary care, as well as a potential for more individuals to live in a supported way in the community without needing to move into local authority care. Savings will derive too from the reduction in duplication and overlap of services, in particular in areas where health bodies and local authorities should be working more closely or developing single care pathways.
25. There may be some additional administrative costs associated with the process of undertaking a Joint Strategic Needs Assessment and associated partnership arrangements, which will almost certainly be outweighed by the benefits of service improvements described at paragraph 17. It is also clear that, in successfully discharging their new duties around LAAs, partner organisations would need to be developing joint working mechanisms. Additional costs associated with this new duty would therefore mainly be covered by those set

out in Annex A, objective 4 of the Local Government and Public Involvement in Health Act RIA.

26. Where in practice, PCTs and local authorities are currently working in isolation rather than undertaking joint assessments improved partnership working ought to help them to realise new efficiency savings. Nonetheless, our consultation on the detail of the provisions will address issues of additional financial burdens and inform the RIA which will accompany the Act that includes these provisions.

<b>Table 1</b>			
<b>Policy Costs</b>			
Training Costs Per PCT			£7,000
<b>Administrative Costs</b>			
Labour Costs Per PCT			
<i>Staff Position</i>	<i>Staff Time</i>	<i>Staff Pay</i>	<i>Staff costs</i>
<i>Director of Public Health</i>	5%	£80,000	£4,000.00
<i>Band 8B</i>	20%	£45,908	£9,181.60
<i>Band 6</i>	20%	£26,720	£5,344.00
<i>Band 7</i>	20%	£31,906	£6,381.20
Total Labour costs			£24,906.80
Overhead			£7,472.04
Estimated costs for other organisations involved in a JSNA			£32,378.84
<b>Total</b>			<b>£71,757.68</b>

27. Total costs for this option will be £10,907,167, with £ 4,921,584 attributable to LA expenditure. These are not new reporting or data collection requirements but a new way of working – the two institutions will already be undertaking an assessment of the needs of their population but in many instances this work is being conducted in isolation; the total amount assumes that no PCT or LA is currently undertaking this work.
28. The estimated costs presented above are gross not additional costs. They include costs that are currently being incurred by authorities that are already making assessments. Nor are they unfunded new additional costs – funding is already contained within the general grant provided by Government.

### **ENVIRONMENTAL**

29. No new costs or benefits.

### **SOCIAL**

30. As in option (a) above. However, an explicit duty to co-operate and therefore to work in partnership will help to ensure that those areas where partnerships are less well developed – and the significant social benefits are unrealised – will be more likely to achieve the level of benefit associated with the best areas. The overall social benefits will therefore be significantly greater than option (a).

## Small Firms' Impact Test (SFIT)

31. We anticipate no significant impact on small firms. Any impact would be likely to be positive, as small private sector providers of care services would be dealing with fewer possible commissioners, although these benefits would be marginal. Therefore a SFIT has not been undertaken.

## Competition Assessment

32. These measures are not expected to prevent entry into market of health and care providers or impact on competition. Therefore a Competition Assessment has not been undertaken.

## Enforcement, Sanctions and Monitoring

### **Enforcement**

33. The specific duties and requirements under the duty will be determined in the consultation on the detailed provisions. Enforcement for health and bodies and local authorities will be through existing channels of audit and regulation.

### **Sanctions**

34. We would expect sanctions to be a measure of absolute last resort and for the main controls on local arrangements would be through contracts and agreements between local partners, overseen by existing regional structures and assessed by inspectorates.

## Monitoring and review

35. No official monitoring process is envisaged for the proposed new duties at this stage, but we will consider this as part of the consultation on they detailed provisions. We will review the effectiveness of the new arrangement within three years of implementation.
36. Success of the arrangements will be determined by the extent to which measurable improvements in outcomes for services users, communities and local populations are achieved, as measured by existing outcome frameworks and any new ones that derive from this new White Paper.

## Implementation and Delivery Plan

37. To be determined when the detailed provisions have been agreed following consultation.

## Post-Implementation Review

38. See above.

## Summary and Recommendation

<b>Option</b>	<b>Total cost per annum Economic, environmental, social</b>	<b>Total benefit per annum Economic, environmental, social</b>
(a) – rely on existing statutory frameworks and guidance	– No additional costs beyond those associated with the Duty to prepare a Local Area Agreement	– Potentially significant benefits arising out of partnership through improved efficiencies and improved service delivery.
(b) – new statutory duty	– No identifiable costs for those LAs and PCTs currently meeting their partnership obligations, beyond those for the new LAA provisions.	– As option (b) but Benefits will be greater as improvements will be more general and variation will be minimised.

Recommendation: Option (b) best meets the objective of improved local partnerships, better integration and personalisation of services and improved outcomes.