



Communities in Control White Paper

Impact Assessments



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July 2008

Product Code: 08 LGSR 05402/IA

ISBN: 978-1-4098-0235-8

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Summary: Intervention & Options

Department /Agency: Communities & Local Government	Title: Impact Assessment of the White Paper: Communities in control: real people, real power	
Stage: FINAL	Version: FINAL	Date: July 2008
Related Publications:		

Available to view or download at:

<http://www.communities.gov.uk>

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

The 'Communities in control' White Paper addresses three key problems:
1) Declining levels of democratic participation in England – demonstrated through declining national and local election turnouts and falling membership of political parties. 2) Declining perceptions of influence over decision-making and 3) Declining levels of satisfaction with local government in England.

The disappointing trends described above are indicative of citizens feeling inadequately empowered to influence local decisions and conditions.

What are the policy objectives and the intended effects?

The 'Communities in control' White Paper has three general aims: to pass power into the hands of local communities; to generate vibrant local democracy; and to give control over local decisions and services to a wider range of people.

Its intended effects are improved perceptions and attitudes – eg. increasing the number of people who believe they can influence local decisions. There may also be improved participation rates – eg. in civic activities. The White Paper policies should positively influence performance of local services – eg. measured through satisfaction with a local area as a place to live.

What policy options have been considered? Please justify any preferred option.

Two options have been considered:

OPTION 1: Do nothing to enhance empowerment over and beyond existing mechanisms

OPTION 2: Enhance empowerment by bringing forward the following policies: a Communitybuilders programme; an Empowerment fund; a local Take Part programme; time off entitlements for civic roles and a Duty to Promote Democracy.

OPTION 2 is our preferred option as through our analysis it is felt that this option most optimally assist in improving the functioning of democratic processes as outlined above.

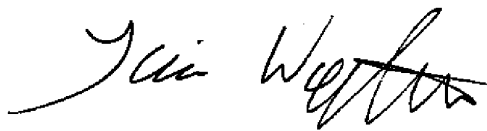
When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

Communities and Local Government will monitor the effectiveness of the White Paper policies as they are implemented. See the Impact Assessments of the individual policies for more detailed information.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

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

Signed by the responsible Minister:



Date: 9 July, 2008

Summary: Analysis & Evidence

Policy Option:
OPTION 2

Description: **Implementing/consulting on, as appropriate, the policies covered in the Final and Consultation stage Impact Assessments which follow.**

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' PUBLIC SECTOR £70m (2yrs) (Communitybuilders); £10m p/a (10yrs) (Time Off entitlements); £90,000 p/a per local authority (Yr3 onward) (Duty to promote Democracy); £7.5m (3yrs) (Empowerment Fund); PRIVATE SECTOR £18m p/a (10yrs) (Time off entitlements); THIRD SECTOR £1m p/a (10yrs) (Time off entitlements)
	One-off (Transition)	Yrs	
	£ 2.94m		
	Average Annual Cost (excluding one-off)		
	£ 92.09m	Total Cost (PV)	£ 276.73m
Other key non-monetised costs by 'main affected groups' Organisations supported by the Community anchors programme are likely to incur some costs.			
BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' Individuals and businesses will benefit from an increase in human capital and personal development in the individual who takes up the new roles entitled to time off work. Precise idea of monetary benefits of other policies limited by factors such as the difficulty of putting monetary values on empowerment outcomes.
	One-off	Yrs	
	£ N/A		
	Average Annual Benefit (excluding one-off)		
	£ 4.5m	Total Benefit (PV)	£ 13.5m
Other key non-monetised benefits by 'main affected groups' We believe the following substantial benefits will be yielded: a) More effective local government organisations, benefiting individuals and communities; b) enhanced human capital, benefiting business, individuals and communities; c) enhanced social capital benefiting communities & d) general economic and societal benefits.			

Key Assumptions/Sensitivities/Risks Key assumption, as outlined above, that investing in empowerment will have a number of non-monetised benefits (an assumption supported by recent data contained in the evidence base).

Price Base Year 2008	Time Period Years 3	Net Benefit Range (NPV) £0	NET BENEFIT (NPV Best estimate) £ -263.68m
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What is the geographic coverage of the policy/option?	England only			
On what date will the policy be implemented?	Various – see annex			
Which organisation(s) will enforce the policy?	Communities			
What is the total annual cost of enforcement for these organisations?	£ N/A			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	Yes			
What is the value of the proposed offsetting measure per year?	£ 0			
What is the value of changes in greenhouse gas emissions?	£ 0			
Will the proposal have a significant impact on competition?				
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase – Decrease)				
Increase of £ N/A		Decrease of £ N/A		Net Impact £ N/A
Key:	Annual costs and benefits: Constant Prices			(Net) Present Value

Evidence Base (for summary sheets)

Introduction

The White Paper posits that by removing barriers to participation and creating incentives, government and citizens and communities can and should work together to seize opportunities and solve problems.

The definitions of engagement and empowerment used in this impact assessment build on those introduced in the Community Empowerment Action Plan produced by Communities and Local Government in 2007.

Engagement is defined as the process whereby public bodies facilitate citizen and community participation in order to incorporate their views and needs into decision-making processes. This includes reaching out to communities to create empowerment opportunities.

Empowerment is defined as helping citizens and communities to acquire the confidence, skills and power to enable them to shape and influence their local place and services. It also includes the provision of support to national and local government agencies to develop, promote and deliver effective engagement and empowerment opportunities.

A distinction should be made between subjective and objective empowerment. The subjective aspect of empowerment relates to a sense of efficacy and is measured by the extent to which people feel that they can influence local (and/or national) conditions and decisions. The objective aspect relates to whether people truly have and use power and is measured by the extent to which people actually participate in and influence their local (and/or national) conditions and decisions.

There are also different depths of engagement, participation, and therefore, empowerment ranging from information provision through to citizen control. The White Paper recognises this in its chapter structure, which is broadly based on Sherry Arnstein's 'Ladder of Citizen Participation', but presents these stages of participation not as a ladder but a spectrum where the citizen engages at a given level without an expectation of 'climbing the ladder' to deeper stages of participation.

This summary impact assessment lays out the evidence relevant to empowerment regardless of the depth or type of participation in question as many of the observed barriers, incentives and outcomes of empowerment are the same. Any relevant impacts that are specific to particular policies within the White Paper have been assessed separately and are included in the individual policy impact assessments that follow. The policies covered by these impact assessments are:

- Communitybuilders
- Duty to promote democracy
- Empowerment fund
- Take Part local pathfinder programme
- Time off entitlements for civic roles

Further details on both the implementation of the White Paper and the breakdown of one-off and yearly costs can be found in Annexes A and B respectively.

What is the problem under consideration?

In its introductory chapter, the White Paper states that there is widespread disengagement from both local and political structures. The causes of this political disengagement can be put down to a dominant factor: a sense of powerlessness on the part of most citizens that their voices are being heard, their views listened to, their participation welcomed or their activity rewarded. People want to know that if they expend their valuable time and effort, there will be tangible, practical and positive results. It is this sense of powerlessness which the White Paper will seek to address.

Evidence

Evidence for the problem can be seen in four key areas:

1) Declining levels of democratic engagement in England – people have become cynical about and increasingly disengaged from the political process at both a local and national level. Evidence for this can be seen in:

- **Declining national election turnouts.** The 2001 general election turnout of 59.4 per cent was the lowest recorded since 1945. Concerns that voting at elections was in permanent decline in the UK were, however, partially allayed by a slight increase to 61.4 per cent in 2005. A report published by the Electoral Commission in 2005 nonetheless highlighted three reasons why we should continue to be concerned about turnout . In the 2005 General Election:
 - just over 17 million of those registered to vote decided not to do so

- turnout was 10 percentage points lower than it was in 1997 – even though that year’s turnout had been a post-war low at the time
- turnout was the third lowest turnout since the turn of the twentieth century (behind 1918 and 2001).¹

- **Declining local election turnouts.** When local elections are not held concurrently with a general election, local election turnout – including for Mayoral polls outside London – has largely fluctuated between 30 and 40 per cent², although turnout for the 2008 London mayoral election was 45 per cent.
- **Declining political party membership.** In the 1950s some 3.5 million Britons belonged to one of the three main parties, but the equivalent figure now is only some 0.5 million. In fact, over the last 20 years, there has been a fifty per cent fall in party membership in Britain.³

2) Declining perceptions of influence over local decision-making. Public attitudes to traditional systems of government are changing. The percentage of citizens who believe they can influence decisions in their local area has dropped since 2001. Only 38 per cent of people feel they can influence decisions in their local area, down from 44 per cent in 2001.⁴

3) Declining levels of satisfaction with local government in England.

Overall satisfaction with local government in England has dropped, although satisfaction with some services has risen and objective measures of performance (CPA scores) over the same period show significant improvement.⁵ This could be linked to rising expectations – including for information and high quality services which match the needs of the individual. People expect a choice of good quality products and services. They expect modern public services to match or exceed the best of what the private sector can offer, as some already do. People also want their voices heard as those services are developed. Where they have a good choice, their preferences are often reflected. But there is also a growing demand to shape the services from the outset.

¹ Electoral Commission (2005) *Election 2005: Turnout – How Many, Who and Why?*, London: The Electoral Commission.

² Source: LGC Elections Centre

³ Page, B. (2005) ‘The Future of Political Parties’, *Prospect Magazine*, September 2005.

⁴ Communities and Local Government (2008) *Citizenship Survey: April-December 2007, England and Wales*, London: Communities and Local Government.

⁵ Communities and Local Government (2007) *Best Value User Satisfaction Surveys 2006-07. General Survey Initial Topline Report for Single and Upper-Tier Local Authorities*, London: CLG

4) Latent demand for more opportunities to influence decision-making.

This White Paper is also responding to evidence that there is unmet demand for opportunities for people to get more involved. While it is always important to be cautious of what people say they would do in a survey and what they would actually do, this evidence is significant. For example, while many people feel unable to influence local decision-making, 69 per cent of respondents to the 2007 Audit of Political Engagement said they wanted a say in how the country is run⁶. Likewise, research undertaken for the Lyons Inquiry found that 73 per cent of respondents felt that people should be able to influence how their council tax is spent, with nearly half wanting to be personally involved.⁷ Moreover, according to the Citizenship Survey, 47 per cent of people think it is 'quite important' to influence decisions in their local area and 32 per cent think it is 'very important'⁸.

Barriers and incentives

Looking at the problem in more detail, it is clear there are a number of 'barriers' at work which prevent people from participating (see **Table A**). These barriers are similar and recurring regardless of the depth of engagement sought (although barriers to more demanding types of engagement are greater). It is also important to reflect on why those who already get involved choose to do so. As with the barriers, these incentives can be individual or institutional.

Barriers and incentives, while essentially opposite to each other, have synergies and interactions and can greatly enhance the effects of the other if looked at in combination. An example of this could be where public perceptions of local government are improved by removing the barrier of people's perceptions of making a difference (eg setting up an online forum for people to give their views on the quality of local services). If the local authority then improve the bond of trust between the council and local people (eg by acting on those comments), it may also be providing an incentive for further local participation.

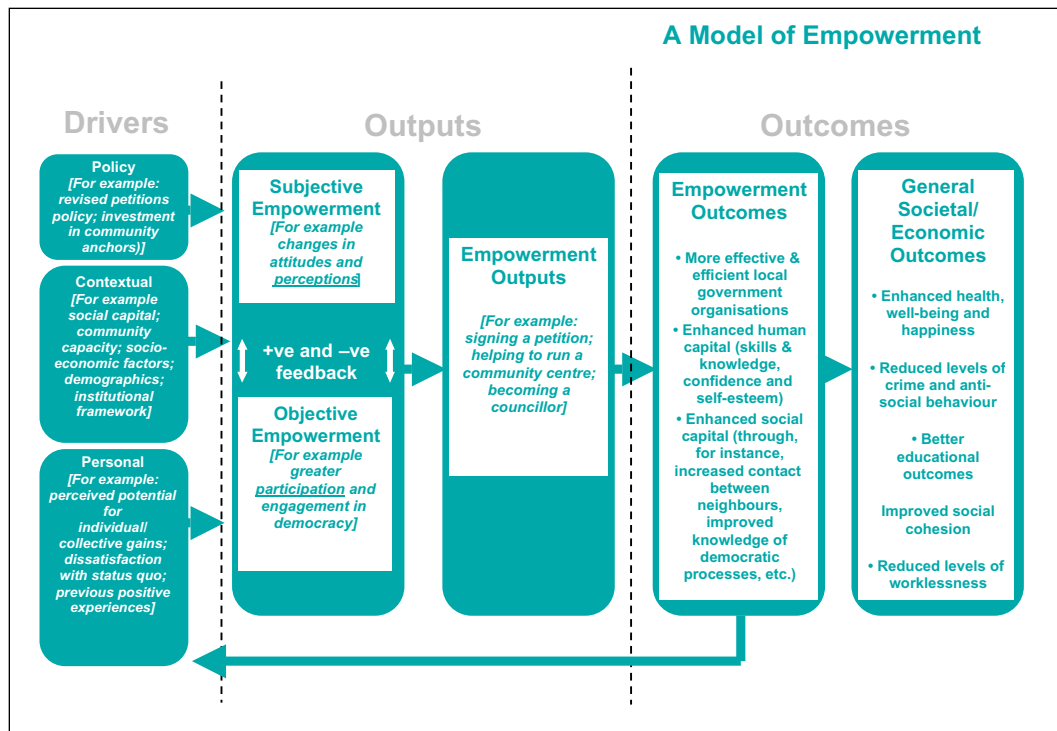
⁶ Hansard Society/Electoral Commission (2007) *An Audit of Political Engagement 4*, London: Hansard Society.

⁷ BMG Research (2007) *Lyons Inquiry Survey*, Norwich: HMSO.

⁸ Citizenship Survey April – December 2007.

Table A: Empowerment – Barriers and incentives
(NB More detail is included in the Evidence Annex)

Barriers	Incentives
<p>Things that stop people wanting to take part include:</p> <ul style="list-style-type: none"> • Lack of interest or understanding about local governance • Negative perceptions and lack of trust in public institutions • Lack of awareness of how to get involved and inaccessible recruitment practices • Lack of time to participate • Lack of confidence and perceived lack of skills • Stereotyping of those who participate • Scepticism about the difference participation will make • Earlier experience of poorly-executed participation • Financial costs of participation • Fear of repercussions • Structural disincentives and cultural resistance • Socio-economic status 	<p>On the other hand, factors that make people want to take part include:</p> <ul style="list-style-type: none"> • A desire to serve the community, change things and/or make a difference • Personal invitation to become involved • Practical or rational reasons (for instance, personal benefit) • Positive experiences of participation • The existence of activist cultures and social capital • Local leadership and/or institutional culture • Socio-economic status, confidence and skills



Why is Empowerment the best way to tackle these problems?

The Government believes that the problems outlined above are best dealt with through empowerment: passing more political power to more people, using every practical means available, from the most modern social networking websites, to other methods such as petitioning, public debates and fora. In this way, democracy becomes not a system of occasional voting or an imperfect method of selecting who governs us, but a daily activity, and a way of life. It is not possible to talk about individual empowerment mechanisms in terms of cause and effect as there are synergies between empowerment’s various drivers, mechanisms and outputs. The benefits of interventions seeking to increase empowerment include:

- **More effective and efficient public sector organisation** such as local authorities and the police eg through delivering services which are better tailored to the needs of local people
- **Enhanced individual human capital**⁹ – particularly in terms of the confidence, self-esteem, knowledge and skills people pick up whilst participating in empowering activities e.g. on a panel deciding where Participatory Budgeting funds should go

⁹ Popay, J., Attree, P., Hornby, D., Milton, B., Whitehead, M., French, B., Kowarzik, U., Simpson, N. and Povall, S. (2007) *Community Engagement in Initiatives Addressing Community Engagement in Initiatives Addressing the Wider Social Determinants of Health: A Rapid Review of Evidence on Impact, Experience and Process*, London: DoH.
 SQW (2008) *Neighbourhood Management Pathfinders: Final Evaluation Report*, London: CLG.
 Barnes, M. and Bennet, G. (1997) 'Frail Bodies, Courageous Voices: Older People Influencing Community Care', *Health and Social Care in the Community*, Vol.6(2), pp.102-111.
 Inglehart, R. (2006) *Democracy and Happiness: What Causes What?*, University of Michigan.

- **Democratic renewal** – the enhanced social capital associated with participation is argued to spark democratic renewal by making citizens more community-orientated and more sophisticated consumers of politics, and by making politicians better at cooperating with citizens.¹⁰
- Over time, as the effects of these processes are internalised other more **general economic or societal benefits** should be produced such as lower crime rates, health improvements or reduced unemployment.¹¹

The empowerment process

The Model of Empowerment on the preceding page gives some idea of the process by which these outcomes are arrived at and the complex interplay between drivers, outcomes and outputs which is involved:

- **Drivers.** The extent to which any community is empowered will be influenced by motivation and capability of individuals but also by propensity and capability of individuals to act together to address local problems or realise shared ambitions. Aside from these personal and contextual drivers, Government policy can play a crucial role in addressing specific disincentives to democratic participation, including lack of skills and confidence to participate. The proposals in the White Paper detail the interventions that could be implemented to enhance empowerment.
- **Outputs.** The people and communities involved in the process experience subjective empowerment and/or objective empowerment, when both have an impact on the other (eg a person who feels empowered may then decide to take up a civic role such as being a school governor or someone who participates in a volunteering activity may have the confidence to speak up for the interests of their community).
- **Outcomes.** Empowerment creates medium and long term benefits as outlined above. However, the empowerment model described here argues that interventions aimed at stimulating participation in particular initiatives should enhance the predisposition and capability of individuals and communities to engage more fully in democratic processes. In other words, specific initiatives can reinforce and raise the general capacity of individuals

¹⁰ Performance and Innovation Unit (2002) *Social Capital: A Discussion Paper*, London: Cabinet Office.

¹¹ Rogers, B. and Robinson, E. (2004) *The Benefits of Community Engagement*, London: Home Office.

SQW (2005) *Improving Delivery of Mainstream Services in Deprived Areas: The Role of Community Involvement*, London: ODPM.

Granovetter, M. (1973) 'The Strength of Weak Ties', *The American Journal of Sociology*, Vol.78(6), pp1360-1380.

Petersen, T., Saporta, I. and Seidel, M. (2000) 'Offering a Job: Meritocracy and Social Networks', *American Journal of Sociology*, Vol.106(3), pp.763-816.

Daniel, W. (1990) *The Unemployed Flow*, London: Policy Studies Institute.

Berkman, L. (1988) 'The Changing and Heterogeneous Nature of Ageing and Longevity: A Social Medical Perspective', *Annual Review of Gerontology and Geriatrics*, Vol.8, pp.37-68.

Evangelou, M. and Sylva, K. (2003) *The Effects of the Peers Early Educational Partnership on Children's Developmental Progress – Research Report, No.489*, London: DfES.

Cummings, C., Dyson, A., Muijs, D., Papps, I., Pearson, D., Raffo, C., Tiplady, L., Todd, L. and Crowther, D. (2007) *Evaluation of the Full Service Extended Schools Initiative: Final Report*, London: DfES.

and communities to act on their own behalf. In addition, this ultimately generates efficiencies in the process meaning that less resources are required to achieve the same results (eg because there are already skilled people on hand to take forward empowerment mechanisms). The specific outcomes of the White Paper are dealt with below.

Why is government intervention necessary?

Despite the evidence presented above, the problem addressed by the White Paper is **not** a *complete* failure of local and national political systems to give citizens and communities more of a say over the decisions which affect them. Indeed there is much evidence to suggest the current mechanisms are delivering some empowerment. A large number of people do go out and vote for instance and underlying interest in politics has remained relatively stable since 2003.¹² Moreover 60 per cent of people trust their council, on an upward trend from 52 per cent in 2001. Finally there is encouraging evidence for people getting involved: 39 per cent of people have engaged in civic participation (contacting an elected representative, contacting a public official, attending a public meeting or rally, taking part in a public demonstration or protest, or signing a petition) in the past 12 months for instance while 73 per cent have volunteered (formally or informally) in the past in the same time period.¹³

Instead the White Paper deals with a more subtle but no less pressing problem. Many of the basic mechanisms and systems which are meant to ensure people are able, and feel able, to influence the decisions going on around them, are not working as well as they could. People have the right to vote and the opportunity to vote but still do not turn up to cast their ballots for instance, or, despite almost every local authority providing information on their services on the internet, some people are still unsure as to who to talk to when their refuse collection is satisfactory. It is this *inefficiency* in the way democratic processes work which the Government seeks to address through the White Paper.

Moreover, Government intervention can be justified to help address inequalities in the level of empowerment among different groups of people. This is captured in the evidence below:

Age

Young people are less likely than their older counterparts to participate in civic and political life.

- **Political Participation.** As well as being under-represented in the council chamber and in Parliament, a comparison with older age cohorts reveals that

¹² Hansard Society (2008) *An Audit of Political Engagement 5*, London: Hansard Society.

¹³ Communities and Local Government (2008) *Citizenship Survey: April-December 2007, England and Wales*, London: Communities and Local Government.

young people are also less likely to exercise their right to vote in local and national elections or to identify with a political party¹⁴. Estimates show that young people were half as likely to vote in the 2005 general election as older age groups – turnout among 18-24 year olds was 37 per cent, the equivalent figure for those aged 65 and over was 75 per cent¹⁵. The most recent Audit of Political Engagement finds that less than a quarter of 18-24 year olds (23 per cent) are absolutely certain to vote, compared with almost eight in 10 of the 65-74 age group (78 per cent)¹⁶.

- **Civic Participation.** According to the Citizenship Survey, civic participation tends to peak in middle age – with 44 per cent of 35 to 64 year olds taking part, compared to 29 per cent of 16-24 year olds, and 30 per cent of those aged over 75 (April to December 2007).¹⁷
- **Civic Activism.** Similarly, civic activism tends to be higher in middle age. Eleven per cent of those aged 35 to 49 have been civic activists, compared with 8 per cent of 16-34 year olds and the over-75s (April-December 2007).
- **Making a Complaint.** Analysis of data collected as part of the 2006 Best Value User Satisfaction Surveys reveals a positive correlation between age and propensity to make a complaint, although there is a small drop amongst those aged over 65. For the most part, as age rises, so does the likelihood that a resident would have contacted their local authority with a complaint in the previous twelve months. Satisfaction with complaints handling also rises with age.¹⁸

Gender

There is a well documented disparity in the numbers of men and women who actually become politicians – women make up only 29 per cent of councillors and 20 per cent of MPs¹⁹.

Ethnicity

The evidence suggests that minority ethnic citizens feel more empowered than White citizens.

- **Influencing Decisions.** Data from the Citizenship Survey (April-December 2007) found that fewer White people than people from ethnic minority backgrounds felt they could influence local decisions (37 per cent compared with 47 per cent).

¹⁴ Pirie, M. and Worcester, R. (2000) *The Big Turn Off: Attitudes of Young People to Government, Citizenship and Community*, London: Adam Smith Institute.

¹⁵ Electoral Commission (2005) *Election 2005: Turnout – How Many, Who and Why?*, London: The Electoral Commission.

¹⁶ Hansard Society (2008) *An Audit of Political Engagement 5*, London: Hansard Society.

¹⁷ Communities and Local Government (2008) *Citizenship Survey: April-December 2007, England and Wales*, London: CLG.

¹⁸ Communities and Local Government (2007) *Best Value User Satisfaction Surveys 2006-07 – General Survey National Report*, London: CLG.

¹⁹ Haberis, A. and Prendergrast, J. (2007) *Research Report 1. Incentives and Barriers to Becoming and Remaining a Councillor: A Review of the UK Literature*, London: CLG.

- Trust in government. Similarly, minority ethnic citizens exhibit higher levels of trust in local government than their white counterparts (70 per cent compared to 59 per cent) (Citizenship Survey, April-December 2007).²⁰

This pattern is not reflected, however, in objective measures of empowerment.

- **Political Participation.** According to the Electoral Commission (2006), voter registration is lower among the black African and black Caribbean population, while registration rates for some Asian communities are above average²¹. Consistent with these findings, a large-scale survey of British black and minority ethnic attitudes towards the 2005 general election, undertaken for the Electoral Commission, found that turnout was lower among black citizens (61 per cent among those from African communities, 54 per cent among Caribbean groups) than among Asian citizens (67 per cent among those of Indian descent, 70 per cent among those of Pakistani descent, and 76 per cent among those of Bangladeshi descent); it was lower still among the mixed-race group and 'others'. The survey also found that, as with the British population as a whole, abstention was highest among young black and minority ethnic voters (Electoral Commission, 2005)²². Ethnic minorities are also under-represented in Parliament and councils. Of a total of 647 MPs in Westminster, only 15 are from ethnic minority groups (2 per cent), and only 4 per cent of councillors are non-White compared to 10 per cent of the population²³.
- **Civic Activism.** Ethnicity does not have a significant effect on participation in civic activism when other factors are controlled for (Citizenship Survey, April to September 2007).
- **Making a Complaint.** According to the 2006 Best Value User Satisfaction Surveys, propensity to make a complaint varies significantly by ethnic group, with black respondents most likely to have contacted their local authority with a complaint in the last 12 months (27%) and Asian and Chinese and Other respondents the least likely (18 per cent and 17 per cent respectively). Asian respondents were also the group least satisfied with the way their complaints were handled.²⁴

Socio-economic status

There is a clear positive correlation between socio-economic status and several empowerment indicators.

²⁰ Communities and Local Government (2008) *Citizenship Survey: April-December 2007, England and Wales*, London: CLG.

²¹ Electoral Commission (2006) *Factsheet on Electoral Turnout*, London: Electoral Commission.

²² Electoral Commission (2005) *Election 2005: Turnout – How Many, Who and Why?*, London: The Electoral Commission.

²³ Haberis, A. and Prendergrast, J. (2007) *Research Report 1. Incentives and Barriers to Becoming and Remaining a Councillor: A Review of the UK Literature*, London: CLG.

²⁴ Communities and Local Government (2007) *Best Value User Satisfaction Surveys 2006-07 – General Survey National Report*, London: CLG.

- **Influencing Decisions.** Citizenship Survey data (April-December, 2007) show that people in the upper socio-economic groups are more likely than those in the lower groups to feel able to influence local decisions. Some 43 per cent of people in the higher/lower managerial and professional group feel able to influence local decisions, compared with 30 per cent of people with routine occupations and 32 per cent of people who are long-term unemployed or have never worked. The same applies to influencing national decisions: 21 per cent of people in the higher/lower managerial and professional group feel able to influence national decisions, compared with 17 per cent of those with routine occupations.²⁵
- **Political Participation.** There are significant differences in political interest according to education and social class. According to the latest Audit of Political Engagement, two in three (66%) of those belonging to social grades AB are 'certain' to vote in an immediate general election, compared to just one in three DEs (34 per cent)²⁶.
- **Civic Participation.** There is a significant positive association between socio-economic status and taking part in civic activities (such as contacting an elected representative, joining a public demonstration or protest, or signing a petition). Citizenship Survey data reveal that people in managerial and professional occupations were more than twice as likely to have undertaken such activities in the last 12 months as people in routine occupations or who had never worked (49 per cent compared to 23 per cent, Citizenship Survey, April-December, 2007).²⁷
- **Civic Activism.** Graduates are more likely to be civic activists than people with lower level qualifications or none. Similarly, those in managerial and professional occupations were more than twice as likely to have taken part in civic activity as those who had never worked or were long-term unemployed (48 per cent compared to 21 per cent) (Citizenship Survey, April-September 2007).²⁸

There is no reason to think that without Government intervention, these inequalities would resolve themselves. Many of the White Paper's proposals will have a direct impact on reducing these inequalities, for example through extending the Duty to Involve to include organisations such as Jobcentre Plus which should in turn involve some groups of people in lower economic groups.

²⁵ Communities and Local Government (2008) *Citizenship Survey: April-December 2007, England and Wales*, London: CLG.

²⁶ Hansard Society (2008) *An Audit of Political Engagement 5*, London: Hansard Society.

Communities and Local Government (2008) *Citizenship Survey: April-December 2007, England and Wales*, London: CLG.

²⁷ Communities and Local Government (2008) *Citizenship Survey: April-December 2007, England and Wales*, London: CLG.

²⁸ Ibid.

What are the policy objectives and intended effects?

The White Paper policies have three general aims:

- to pass power into the hands of local communities
- to generate vibrant local democracy
- to give control over local decisions and services to a wider range of people

With the exception of the first two chapters, the White Paper's structure follows the concept of the 'spectrum' of participation mentioned above. The White Paper's structure and key policies are as follows:

Chapter 1 – Introduction

Lays out the case for empowerment, explaining the principles the White Paper will follow and justifying why Government action is necessary. Key policies include:

- A new Duty on local authorities to promote democracy to help local authorities promote involvement through clearer information, better trained staff and more visible councillors in the community;
- Extension of the Duty to Involve local people in key decisions to a new range of agencies and bodies;
- Consulting on the draft prospectus for an Empowerment Fund to support existing national third sector organisations; and
- Creating a new Empowering the Frontline Taskforce to look at the role of the public service workforce in empowering users and residents

Chapter 2 – Active Citizens and the value of volunteering

Looks at the benefit to society of active citizens, willing to give their time to help their local community. It puts forward policy proposals to support training, facilities and local structures to aimed at helping more people to volunteer and be more active in their communities. Key policies include:

- Establishment of a £70m Communitybuilders fund to secure the future of community-led organisations through providing funding to develop local capacity and investing in locally led and designed projects;
- Supporting citizenship education for young people and adults through the citizenship curriculum and a Take Part local pathfinder programme offering training and information on how to be an active citizen; and
- Supporting volunteering by exploring how those on benefits can be supported in taking up volunteering opportunities, investing in opportunities for people with disabilities to volunteer and extending mentoring and befriending.

Chapter 3 – Access to Information

Looks at how local councils can empower citizens by publishing accessible, understandable local information as part of their existing 'duty to involve' local people and their new 'duty to promote democracy'. Key policies include:

- Supporting local authorities in making the information they hold more readily available, including through piloting new and innovative approaches to sharing information;
- Piloting a Digital Mentor Scheme in deprived areas to improve general media literacy and improve links with community and local broadcasters; and
- Improving the information available to local citizens and service users.

Chapter 4 – Having an Influence

Explains how people can have their say and influence the decisions being made on their behalf, both by elected and non elected people. Key policies include:

- Introducing a new duty for councils to respond to petitions, ensuring that those with significant local support are properly debated;
- Encouraging every local authority to use participatory budgeting in some form by 2012;
- Encouraging the creation of more neighbourhood councils;
- Supporting local authorities in engaging more people in commissioning local goods and services;
- Providing more funding to support community engagement in planning; and
- Empowering social housing tenants for example through the establishment of a National Tenant Voice to give tenants a voice and expertise at national level.

Chapter 5 – Challenge

Looks into ways people can hold to account those that exercise power in their locality and the ways in which we will establish more visible and accountable local leaders by encouraging more powerful elected mayors. Key policies include:

- Introducing a new system of visibility and accountability for public officials – for example through a new right to petition to hold local officials to account;
- Raising the visibility of the Overview and Scrutiny function in local authorities;
- Making police forces and health services more accountable to local people; and
- Making it easier for people to demand that their local leaders move to establishing a directly-elected mayor.

Chapter 6 – Redress

Explains how people can get swift and fair redress when things go wrong and make sure it does not happen to someone else. Key policies include:

- Extending Community Contracts or ‘charters’ pilot schemes – voluntary agreements between local communities and local service providers creating clear obligations on both sides; and
- Commissioning a review into the feasibility of introducing and extending redress for citizens when services fail to meet agreed targets.

Chapter 7 – Standing for Office

Addresses the issue of how people can stand for office, especially for their local council, building on the recommendations of the Councillors Commission which reported in December 2007 and explored barriers and incentives into becoming and remaining a councillor. Key policies include:

- Encouraging a wider range of people to stand for election to their local council;
- Giving backbench councillors more powers to make changes in their ward with discretionary, localised budgets;
- Consulting on extending the right to time off for public duties to a wider number of roles;
- Encouraging more employers to support employees wanting to take up civic roles through the production of an information pack; and
- Encouraging councils to use their existing powers to designate experienced former councillors as ‘Aldermen’ and enable the use of the new title of ‘Alderwoman’.

Chapter 8 – Ownership and Control

Looks at how citizens can move beyond being consulted or holding officials to account and to how local people can own and run services for themselves. Key policies include:

- Establishing an Asset Transfer Unit to encourage local authorities to transfer more local assets to the ownership or management of local people, where appropriate; and
- Encouraging local authorities to ensure social enterprises can compete fairly for contracts and working with colleagues in other Government departments to ensure that procurement processes do not unfairly disadvantage social enterprises.

Intended effects and outcomes

The policies in the White Paper will act to improve the established governance and democratic process, by addressing some of the barriers and incentives to empowerment mentioned earlier. In particular the policies will:

- **Improve people's interest in, and understanding of, local governance**, for example through making them aware of Overview and Scrutiny committees and their role in bringing local concerns to attention of the council
- **Address the lack of time people have to participate** for example by looking to expand the civic roles with time off entitlements
- **Improve people's awareness of how to get involved** for example through the publicising of council activities required in the Duty to Promote Democracy
- **Build on activist cultures and social capital** for example by supporting the voluntary and community sector
- **Enhance the quality and strength of local leadership** for example by encouraging more directly elected mayors
- **Improve understanding of how people can make a difference** for example through greater community involvement in planning

Ultimately, the outcomes of the White Paper are intended to be:

- More people feeling they are to influence local decisions;
- Local authorities seen as vibrant hubs of local democracy;
- A wider pool of citizens putting themselves forward for governance roles including as councillors;
- People finding it easier to participate in formal and extensive voluntary and community activity at a local level;
- More visible and accountable local leaders and more accountable services;

We intend to measure success in achieving our aims using the following indicators:

Perceptions

- The **proportion of people who believe they can influence local decisions**, measured through the Citizens Survey.
- **Levels of trust in local authorities**, again measured through the Citizenship Survey. The assumption here is that a more empowered community would have greater trust

- The **demand for participation opportunities**. This is measured under the Best Value Performance Indicator survey which is ending, but is also measured under the Citizenship Survey.

Measuring participation

- **Rates of participation in civic activities and volunteering**. These are measured in the Citizenship Survey
- **Turnout in local elections**. This data is available from the Local Government Information Unit
- **Profile of councillors**. At present 69.3% are male (compared to 48% of the population), 95.9% are white (compared to 90.5 % of the population) and the average age is 58.3 (IDeALGA/LGAR (2007) National Census of Local Authority Councillors in England 2006).

Performance

- **Comprehensive Performance Assessment/Comprehensive Area Assessment scores**, from the Audit Commission. CPA scores are well established and there is a good time series. There will be a break in the data when CPA is replaced by CAA. Of course, should the CAA score improve, there are likely to be plenty of other contributing factors apart from empowerment, so this will be an indirect measure only
- **Measurement of satisfaction**. At the moment a measurement of satisfaction with council services is collected through the BVPI survey. This will be replaced by a question under the Place Based Survey, for each local authority area, on how satisfied people are with their local area as a place to live.

Benefits

i) Monetised Benefits

It is an extremely difficult task to monetise the benefits arising from implementation of the White Paper. The problems include:

- Measuring what outputs will arise from such interventions in the first place. Local authorities as well as informal organisations will be able to draw on a suite of initiatives such that it will be difficult to know what precise outputs are being supported.
- Establishing a measurable causal relationship between empowerment outputs and empowerment outcomes. It is extremely difficult to relate incremental changes in empowerment to changes in empowerment outcomes.

- Establishing monetary values for empowerment outcomes especially as there is no effective market for 'governance'. On the other hand, the effect of *failure* of governance can be easily ascertained from across the world.

Recent advances in economic measurement suggest some possible means of monetising the *wider* economic/social outcomes that may ensue from empowerment interventions. The Social Return on Investment (SROI) attempts to put a value on increases in employment and health, lower crime etc. that are shown to be ultimately prompted by specific government interventions.

However the scope of the White Paper means it would still be difficult to establish an overall monetised value given the problem of establishing what outcomes could be attributed to the interventions sponsored through the White Paper.

ii) Non-monetised benefits

We are convinced that the White Paper will ultimately yield substantial benefits. These key non-monetised benefits include:

- **More effective local government organisations.** This increased engagement of communities in local governance should result in improved accountability concerning the use of resources and a better match between service delivery and what is required by those communities.
- **Enhanced human capital.** The benefit here is that the predisposition and ability to engage/participate democratically would be improved through getting involved in initiatives prompted by the White Paper. Furthermore, through such participation people should be able to employ enhanced skills in other domains of their life, for example work and through business formation.
- **Enhanced social capital** means that communities will have both an improved propensity to act and the capability of addressing shared problems and needs.
- **General economic or societal benefits** could arise from the improved skills that people acquire by participation, including communication, negotiation and organisational. However, both economy and society also benefit from the extent to which empowerment prompts, for example, better personal health and less criminality.

In particular the policies in the White Paper will address some of the problems laid out above. The benefits will include:

- **Improving interest in local democracy and achieving better representation of the community in civic roles,** through the Duty to Promote Democracy.

- **Improving perceptions of influence over local decision-making** for example through providing money for local and regional planning authorities to promote community participation in the planning system.
- **Improving levels of satisfaction with local government in England** for example through providing information to citizens on their local services in a way they can understand and use, via the internet.

Costs

Costs of the White Paper fall largely to CLG as there are a number of grant funded policies. Those policies with impacts on business or the third sector, or impose more than £5m costs on the public sector, have been considered using the Impact Assessment template. These impact assessments can be found after this IA. In addition to this, in Annex B there is a breakdown of all the costs of the White Paper by policy.

Specific Impact Tests

Please refer to the specific impact tests in the individual policy Impact Assessments which follow.

Other Proposals not covered by Impact Assessments

All policies in the White Paper have been assessed on whether they require an Impact Assessment, using guidance from the Department for Business Enterprise and Regulatory Reform. Those not addressed in the Impact Assessments which follow have been deemed not to require such an assessment. In particular the following proposals merit further explanation:

Community Assets

Local authorities were given the capability to transfer assets to the ownership of community organisations through *Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003* which allowed local authorities to dispose of land for less than the best consideration to further the well-being of their area. Local government and other interested bodies were consulted on this policy change. The White Paper's proposals build on work already in progress in this area, setting out how current policy will continue to be implemented and making no proposals for changes to legislation. The costs of implementing the policy are well below the specified threshold of £5million per annum and the financial impact on local authorities is limited through the stipulation that the undervalue of land disposed of in any individual case should not exceed £2million pounds and that such an arrangement should only be entered into where the benefits outweigh the costs. A review on the impacts of this policy is planned in three years' time.

Petitions policies

The petitions policies in the White Paper are considered to have impact only on the public sector and estimated costs fall below the impact assessment threshold. A full and final Impact Assessment will be provided for this policy area at Bill stage.

Promoting community participation in planning

The White Paper outlines an intention to allocate up to £4million over three years to local planning authorities to promote community participation in planning. This policy may have a secondary impact on the third sector, however any such impact is likely to be negligible and unquantifiable, and therefore no Impact Assessment has been prepared for this proposal.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

Annexes

Annex A Details of Implementation

The delivery this White Paper will provide a challenging agenda for government and its delivery partners. Subject to Parliamentary approval, significant legislative changes will be progressed through the planned Community Empowerment, Housing and Economic Regeneration Bill (CEHR Bill) which will be introduced during the 2008/2009 session. Consultation, both formal and informal, will be required on a number of proposals. Pilots, guidance and best practice work will further the achievement of other aims. As far as possible work will need to be integrated into the delivery mechanisms of *Strong and Prosperous Communities* – the Local Government White Paper 2006 and other existing programmes. An implementation plan for both White Papers will be published and maintained. The delivery mechanisms which underpin the work already going on in communities across the country will continue to be developed and strengthened. We will reaffirm our approach to guidance and spreading best practice (see Local Government White Paper implementation plan²⁹). The key pieces of work are set out in the table below.

²⁹ CLG (2007) *Strong and prosperous communities, The Local Government White Paper Implementation Plan: One Year On*, London: CLG

Commitment		Outcome	Timing	Lead
Chapter 1: The case for people and communities having more power				
Duty to promote democracy	Local authorities will have a statutory duty to promote democratic understanding and participation	CEHER Bill ³⁰	CLG	
Extension of duty to involve	The current duty will be extended to new agencies and bodies	CEHER Bill	CLG	
Empowering the Frontline Taskforce	To consider the role of the public sector workforce in empowering users and residents	More detail to be announced in Autumn 2008, final report 2010.	CLG	
Empowerment Fund	At least £7.5m to be reinvested to support existing Third sector national organisations to help local communities turn ideas into practical action	Consultation published alongside the White Paper. Launch in late 2008	CLG	
Chapter 2: Active citizens and the value of volunteering				
Take Part local pathfinders	Pilot programme to help people participate in their local areas	Set up December 2008, delivery from January 2009	CLG	
Communitybuilders Fund	£70m investment in community led organisations across England	In period to 2010-2011	CLG	

³⁰ Planned Community Empowerment, Housing and Economic Regeneration Bill, announced in the Government's draft legislative programme, May 2008

Commitment	Outcome	Timing	Lead
Chapter 3: Access to information			
Places Database	Making the Places Database public	Autumn 2008	CLG
Supporting local authorities to make their data more available	Work with Local Government Association and Improvement and Development Agency to support local authorities to share their information with citizens, including piloting.	We will aim to select pilots areas in Autumn 2008.	CLG
Digital Mentor Scheme	Pilots in deprived areas to improve general literacy in Information and Communication Technologies	2009	CLG, DIUS
Innovation in new technologies	Supporting range of innovation including deliberative engagement with government or innovation in community and social media	Spring 2009	CLG
Chapter 4: Having an influence			
Duty for Councils to respond to petitions	Councils will have to respond to petitions (including electronic petitions) in relation to local authority functions or other public services where Council shares delivery responsibility	CEHER Bill	CLG
Councillor Call for Action	Publish guidance on promoting the powers for Councillors	End of 2008	CLG

Commitment	Outcome	Timing	Lead
Participatory budgeting	Publication of a National Strategy on participatory budgeting to set out how the Government's aspiration to have participatory budgeting in all local authorities will be achieved	Autumn 2008	CLG
Community safety participatory budgeting pilots	Pilot the use of participatory budgeting in community safety funds and consider whether money recovered from criminals can be used this way	Policing Green Paper	HO
Voting incentives	Local Authorities to provide voting incentives in local elections	CEHER Bill	MoJ
Right to appeal decisions on establishing local councils (parish) councils	Right of appeal where a community's proposal to establish a local council is not agreed	CEHER Bill	CLG
Bye-laws	Authorities, including some parish councils, will be able to make certain bye-laws without scrutiny from central government	Forthcoming consultation	CLG
Service transformation and efficiency	Working with the Local Government Association and the Regional Improvement and Efficiency Partnerships, we will also embed empowerment in projects supported by £115m capital funds for efficiency and service transformation.	Money for projects will be distributed between 2008-2009 and 2010-2011	CLG

Commitment	Outcome	Timing	Lead
Planning	Upto £6.5m to further assist community involvement in planning	To be implemented 2009-2011	CLG
Choice-based lettings	Expansion of programme with an extra £2m until 2010 to give more tenants more choice over where they live	Choice Based Lettings round ends in October 2008. Funding allocated in Spring 2009	CLG
Empowering young people	Young advisers to have direct access to the Secretary of State for CLG	Autumn 2008	CLG
	A programme for young people to shadow government ministers	Summer 2009	CLG
	£6m investment to create a new national body for youth leadership to include working with CLG to create a programme of internships for young people to work with local councillors	Final proposals in summer 2008	DCSF
	Establishing Young Muslims' Advisory Group	Summer 2008	CLG, DCSF

Commitment		Outcome	Timing	Lead
Chapter 5: Challenge				
Scrutiny of public officials	Public officials will be subject to scrutiny from local communities, and petitions can be used to hold local officials to account	CEHER Bill	CLG	
Higher visibility of Overview and Scrutiny	Councils will be encouraged to consider new ways of working with scrutiny, and powers of overview and scrutiny committees will be enhanced	CEHER Bill	CLG	
Expanding the role of Local Involvement Networks (LINKs)	Pilots invited to expand remit beyond health and social care	July 2008- May 2010. Arrange, manage and evaluate pilots	DH/CLG	
Directly elected mayors	Consult on making it easier to have a directly elected mayor.	CEHER Bill	CLG	
Chapter 6: Redress				
Local Government Ombudsman (LGO)	The jurisdiction of the LGO will be reviewed to make sure that they have the right amount of flexibility to work with partners and any limitations are in the genuine interests of local people	Summer 08: Review CEHER Bill Autumn (if needed)	CLG	
Community Contracts	Extension of the current pilots for 6 months	Pilots will run until the end of 2008	CLG	

Commitment		Outcome	Timing	Lead
Community pledgebanks	Establish pilots to look at how community pledgebanks can help deliver local priorities		2009	CLG
Redress Review	To look at redress arrangements across the public sector		Reporting early 2009	CLG
Chapter 7: Standing for Office				
Positive image of councillors	Potential changes to the publicity code		Summer 2008: Consultation Autumn 2008: Guidance	CLG
Remote voting	Enabling councillors to participate in meetings and votes remotely		CEHER Bill	CLG
Time off for public duties	Consultation on extending the right to time off to more roles		Summer 2008: Consultation. April 2009: secondary legislation	CLG
Employers' Information Pack	Better information for employers about benefits of civic roles for their staff		Spring 2009	CLG
Information on civic roles	Making it easier for people to find information on ways to be active in civic roles in their communities		Summer 2009	CLG
Review of accreditation for civic roles	Find out what relevant qualifications and modules exist to see what could be repackaged or built upon		Autumn 2008: informal consultation. By Summer 2009: programme of accreditation	CLG

Commitment	Outcome	Timing	Lead
Amendment to Widdecombe rules	Changes to rules on politically restricted posts	CEHER Bill	CLG
Chapter 8: Ownership and control			
Asset Transfer Unit	Establish a unit that will provide information and expertise on transfer to community management of assets or ownership.	Autumn 2008	CLG
Community Land Trusts	Making community land trusts more effective in securing future of community assets	Consultation summary to be published winter 2008	CLG
Social Enterprise Unit	New unit in CLG to champion the knowledge and expertise of social enterprises	Launch in Autumn 2008	CLG

Key

- CLG Communities and Local Government
- OTS Office of the Third Sector
- DIUS Department for Innovation, Universities and Skills
- HO Home Office
- MoJ Ministry of Justice
- DCSF Department for Children, Schools and Families
- DH Department of Health

Annex B: Breakdown of White Paper policy costs 2008 – 2011

The table below lays out the costs (both one off and yearly) of all the policies whose costs fall on CLG – not just those for which Impact Assessments have been prepared. Other costs will fall on other Government departments, however these had not been finalised at the time of publication.

	2008-09		2009-10		2010-11		TOTAL across 2008-2011
Policy/Cost.£m	Yearly running cost	One-off set up cost	Yearly running cost	One-off set up cost	Yearly running cost	One off set up cost	TOTAL
Duty to promote democracy	£0	£0	£0	£0	£32,000,000	£0	£32,000,000
Communitybuilders (£70 million program)	£0	£0	£25,000,000	£0	£34,000,000	£0	£59,000,000
Strengthening overview and scrutiny and communities of identity	£0	£0	£0	£0	£1,800,000	£0	£1,800,000
Providing £3.2 million of funding to Planning Aid	£3,200,000	£0	£4,100,000	£0	£4,500,000	£0	£11,800,000
Inter-faith strategy	£2,500,000	£0	£2,500,000	£0	£2,500,000	£0	£7,500,000
Empowerment Fund - replacement for Strategic Partners	£1,800,000	£0	£2,100,000	£0	£2,500,000	£0	£6,400,000
Encourage community development - community engagement in the planning process	£1,000,000	£0	£2,000,000	£0	£2,000,000	£0	£5,000,000
RIEPs	£30,000,000	£0	£50,000,000	£0	£35,000,000	£0	£115,000,000

	2008-09		2009-10		2010-11		TOTAL across 2008-2011
Policy/Cost:£m	Yearly running cost	One-off set up cost	Yearly running cost	One-off set up cost	Yearly running cost	One off set up cost	TOTAL
National tenants voice	£1,500,000	£0	£1,500,000	£0	£1,500,000	£0	£4,500,000
Take Part local pathfinder program	£1,100,000	£0	£2,150,000	£0	£2,300,000	£0	£5,550,000
Optional accreditation	£100,000	£20,000	£1,475,000	£25,000	£2,000,000	£0	£3,620,000
Choice based lettings	£1,400,000		£1,000,000		£1,000,000		£3,400,000
Asset Transfer Unit	£240,000	£0	£480,000	£0	£1,500,000	£0	£2,220,000
Mayors Package - Online Petitioning for mayoral referendums + Removing 10 year rule on mayoral referendum	£0	£50,000	£0	£50,000	£2,000,000	£30,000	£2,130,000
UK online/Digital inclusion	£0	£0	£300,000	£0	£300,000	£0	£600,000
Delivery model for new technologies	£500,000	£0	£500,000	£0	£500,000	£0	£1,500,000
Reviewing local ombudsman jurisdiction	£0	£100,000	£650,000	£0	£650,000	£0	£1,400,000
Duty to have a local petitions scheme	£0	£0	£0	£0	£1,050,000	£0	£1,050,000

	2008-09		2009-10		2010-11		TOTAL across 2008-2011
Policy/Cost.£m	Yearly running cost	One-off set up cost	Yearly running cost	One-off set up cost	Yearly running cost	One off set up cost	TOTAL
Extend planning bursary scheme by £1m	£0	£0	£500,000	£0	£500,000	£0	£1,000,000
Community Contracts	£100,000	£20,000	£450,000	£20,000	£450,000	£20,000	£1,060,000
Redress Review	£0	£100,000	£1,000,000	£100,000	£1,000,000	£100,000	£2,300,000
Empowering the frontline	£0	£0	£500,000	£100,000	£500,000	£0	£1,100,000
duty to respond to e-petitions	£0	£0	£0	£0	£700,000	£300,000	£1,000,000
Chair or chief executives of public bodies to take part in a public hearing every three months (and including those by petition)	£0	£0	£0	£0	£630,000	£0	£630,000
Online portal to advertise vacancies	£0	£0	£150,000	£400,000	£150,000	£0	£700,000
LINKs Pilots	£0	£0	£300,000	£0	£300,000	£0	£600,000
Extension of petitions duty to matters outside local authority control (i.e health, crime and education) -	£0	£0	£0	£0	£520,000	£0	£520,000

	2008-09		2009-10		2010-11		TOTAL across 2008-2011
Policy/Cost:£m	Yearly running cost	One-off set up cost	Yearly running cost	One-off set up cost	Yearly running cost	One off set up cost	TOTAL
Expanding Young Advisors	£120,000	£0	£200,000	£0	£200,000	£0	£520,000
Pilot work on new approaches and Public Access to the places database	£500,000	£0	£500,000	£0	£0	£0	£1,000,000
Direct support to innovative programmes	£100,000	£0	£200,000	£0	£200,000	£0	£500,000
Community pledge-bank	£0	£0	£300,000	£0	£200,000	£0	£500,000
Working with local council sector to encourage more councils to become quality councils	£150,000	£0	£150,000	£0	£150,000	£0	£450,000
Duty to respond to petitions by triggering a debate in council (including appeals)	£0	£0	£0	£0	£755,000	£0	£755,000
Tenant participation compacts review	0	£50,000	£0	£50,000	£0	£0	£100,000
Encourage the use of PB across all public investment in a locality by expanding the resources and the remit of the PB delivery partner of CLG, currently the PB Unit	£50,000	£30,000	£50,000	£30,000	£50,000	£30,000	£240,000

	2008-09		2009-10		2010-11		TOTAL across 2008-2011
Policy/Cost.£m	Yearly running cost	One-off set up cost	Yearly running cost	One-off set up cost	Yearly running cost	One off set up cost	TOTAL
Extending parish polling hours	£0	£0	£0	£0	£125,000	£0	£125,000
Voting Incentives	£0	£0	£0	£0	£110,000	£0	£110,000
CCFA guidance	£0	£100,000	£0	£0	£0	£0	£100,000
Petitions guidance	£0	£0	£0	£100,000	£0	£0	£100,000
Increasing the co-ordination of community development support	£0	£0	£0	£0	£0	£0	£0
Sponsorship of big tick award	£0	£35,000	£0	£35,000	£0	£0	£70,000
follow-up to the work on TMOs extending their remit	£0	£55,000	£0	£0	£0	£0	£55,000
Support the Big Lunch	£0	£0	£0	£50,000	£0	£0	£50,000
Ministerial Shadowing	£0	£0	£0	£150,000	£0	£0	£150,000
Employers Pack	£0	£0	£75,000	£0	£0	£0	£75,000
Guidance on PB tailored for a parish council audience	£0	£0	£0	£50,000	£0	£0	£50,000
Pre-appointment scrutiny of public appointment by O&S committees	£0	£0	£0	£0	£0	£0	£0

	2008-09		2009-10		2010-11		TOTAL across 2008-2011
Policy/Cost:£m	Yearly running cost	One-off set up cost	Yearly running cost	One-off set up cost	Yearly running cost	One off set up cost	TOTAL
Customer insight	£0	£0	£0	£0	£0	£0	£0
Removing political restrictions	£0	£0	£0	£0	£0	£0	£0
Work with faith groups on commissioning	£0	£50,000	£0	£100,000	£0	£0	£150,000
Charters for independent living	£0	£0	£0	£0	£0	£0	£0
Tenant Services Authority	£0	£0	£0	£0	£0	£0	£0
Establishing a petitions panel of MPs to receive petitions and assess whether a debate is needed	£0	£0	£0	£0	£0	£0	£0
Further official and Ministerial level efforts to secure commitments from OGDs to PB	£0	£60,000	£0	£60,000	£0	£60,000	£180,000
Toolkit development	£0	£0	£0	£50,000	£0	£0	£50,000
Commissioning	£100,000	£0	£0	£150,000	£0	£150,000	£400,000
With partner organisations, review planning curricula	£0	£60,000	£0	£0	£0	£0	£60,000

	2008-09		2009-10		2010-11		TOTAL across 2008-2011
Policy/Cost.£m	Yearly running cost	One-off set up cost	Yearly running cost	One-off set up cost	Yearly running cost	One off set up cost	TOTAL
Best practice housing decisions	£0	£0	£25,000	£0	£0	£0	£25,000
Youth Adviser (for HB)	£4,000	£0	£8,000	£0	£8,000	£0	£20,000
Code of Publicity	£0	£0	£0	£0	£0	£0	£0
Consult on a code of conduct for members	£0	£0	£0	£0	£0	£0	£0
Enabling cllrs to take part in formal meetings remotely	£0	£0	£0	£0	£0	£0	£0
Time-off entitlements	£0	£0	£0	£0	£0	£0	£0
Accountability of Assets	£0	£0	£0	£0	£0	£0	£0
Encouraging the use of social enterprise in commissioning/procuring local services	£0	£0	£0	£0	£0	£0	£0
Encouraging commissioning of social enterprises at a national level	£0	£0	£0	£0	£0	£0	£0
Duty to involve	£0	£0	£0	£0	£0	£0	£0
TOTALS	£44,464,000	£730,000	£98,163,000	£1,520,000	£133,648,000	£690,000	£279,215,000

Summary: Intervention & Options

Department /Agency: Communities & Local Government	Title: Impact Assessment of Communitybuilders Investment Programme	
Stage: Final	Version: Final	Date: July 2008
Related Publications: Building on Success: Community Empowerment Action Plan, Third Sector Review, Empowerment White Paper		

Available to view or download at:

<http://www.communities.gov.uk>

Contact for enquiries: Tim Pope

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

The Government's framework for empowering citizens relies on robust, multi-purpose community organisations at the neighbourhood level. However, the potential of community organisations is undermined by financial and organisational fragility. Government intervention in the form of an investment programme is necessary because commercial finance is restricted for many such organisations at present and local public funding tends to be linked to delivery of initiatives not investment in the organisation itself.

What are the policy objectives and the intended effects?

The objective of the policy is to develop a new model of support for community organisations that result in robust and sustainable community anchor organisations across England. These organisations will be led by local people with a secure asset base, playing a key role in the transformation of every locality, empowering the whole community through a range of activities, services and facilities to have greater influence and say over their own lives and that of their communities.

What policy options have been considered? Please justify any preferred option.

Three options which have been considered. These are; I) Do nothing, II) Provide continuous funding through existing schemes and III) Specific Communitybuilders funding programme. Of these Ministers from Communities and Local Government and OTS have decided that Option III should be taken forward due to being the only option which directly attempts to solve the problem outlined above. Officials recommend that an investment of £70m would provide the funding necessary to establish a wide range of Communitybuilders across England and provide a strong evidence base to develop further policy options.

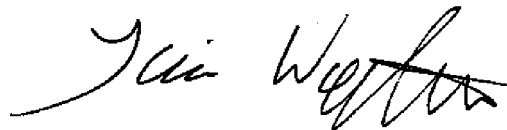
When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

The policy will be reviewed in 2011.

Ministerial Sign-off For SELECT STAGE Impact Assessments:

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

Signed by the responsible Minister:



Date: 9 July, 2008

Summary: Analysis & Evidence

Policy Option:
III

Description: Recommendation for a £70m investment fund to support the development of communitybuilders organisations across England.

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Communities and Local Government = £59m OTS = £11m
	One-off (Transition)	Yrs	
	£ 1m		
	Average Annual Cost (excluding one-off)		
£ 35.14m		Total Cost (PV)	£66.62m
Other key non-monetised costs by 'main affected groups' The organisations which are supported by the programme are likely to incur costs which they had not done previously.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
£		Total Benefit (PV)	£
Other key non-monetised benefits by 'main affected groups' Improved social returns across the neighbourhoods in which the supported organisations operate (including increased provision of services, stronger local partnerships). Increased sustainability and turnover for communitybuilders. Less demand for grant funding from central and local government.			

Key Assumptions/Sensitivities/Risks The programme will be able to maintain benefits of ACF on a larger scale. Turnover, assets and resilience will be maintained at the higher level (we have not assumed further increases which might be expected).

Price Base Year 2008	Time Period Years 10	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?	England			
On what date will the policy be implemented?	2008-11			
Which organisation(s) will enforce the policy?	A national partner			
What is the total annual cost of enforcement for these organisations?	£			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	Yes			
What is the value of the proposed offsetting measure per year?	£			
What is the value of changes in greenhouse gas emissions?	£			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)	(Increase – Decrease)
Increase of £	Decrease of £
Net Impact £	

Key:	Annual costs and benefits: Constant Prices	(Net) Present Value
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Evidence Base (for summary sheets)

1. Policy Overview

Background

Active participation of citizens relies on community based organisations, providing the platform not only to meet the needs of individuals but for empowering individuals to transform communities. The Government's framework for strengthening and empowering communities relies on robust multi-purpose community organisations at the neighbourhood level. However, the ability of these community organisations is undermined by financial fragility. They do not have the capacity to invest in sustainable growth and development. Funding is chronically insecure, conditional and often focused on current projects rather than investment in developing independent organisational capacity or capability

Stable and secure organisations are better able to anchor their communities and support our wider agenda for community and social action, stimulating and supporting the wide range of ways through which individuals, communities, organisations and businesses can create positive social change. The Government's long term vision is of strong and sustainable community organisations, led by local people with a secure asset base, playing a key role in the transformation of every neighbourhood, empowering the whole community through a range of activities, services and facilities to have greater influence and say over their own lives and that of their communities.

A focus on sustainable funding for community organisations was recommended in *Firm Foundations*, as well as by the Local Community Sector Taskforce and the Third Sector Review.

A definition of communitybuilders is provided in *Firm Foundations*, the Government strategy for community capacity building published in 2004. The document outlined four key features for communitybuilders:

- 1 – **Local control** – they are controlled by local residents and/or representatives of local groups;
- 2 – **Neighbourhood focus** – they address needs of their area in a multi-purpose, holistic way;
- 3 – **Inclusive** – they are committed to the involvement of all sections of their community, including marginalised groups; and

4 – **Empowering** – they facilitate the development of the communities in their area.

A roundtable for the CSR07 third sector review identified five key priorities for communitybuilder organisations with a sixth being identified by the Community Alliance. These are;

1. Providing a place to meet and for community activities to take place
2. Supporting and promoting the growth and development of the wider community sector
3. Providing services
4. Providing advocacy and voice for the community
5. Stimulate community involvement and activity
6. Help bring resources and opportunities into a neighbourhood from the local authority, external funders and other agencies.

The overall purpose of the programme is to empower communities. The aim is to enable communitybuilder organisations to step up their impact, working with local government and other statutory bodies, to empower communities to make a positive difference in their neighbourhood, mainstreaming the lessons learnt to stimulate community ownership and management of assets, transfers from local authorities and pilot approaches to social investment.

Stakeholder Consultation

The communitybuilders policy has been formed via consultation with a wide variety of stakeholders. The first stakeholder consultations on a communitybuilders policy were designed to inform the Government-wide *The future role of the Third Sector in social and economic regeneration*, published in July 2007. A number of roundtables were held in early 2007 across the country involving representatives from across the third sector. These meetings helped to define the key priorities for a communitybuilder organisation. In early 2007, Communities and Local Government held an informal third sector taskforce to identify priorities and focus for its approach to the Spending Review, which resulted in a recommended focus on the community sector and sustainable funding.

In May and June of 2007, Communities and Local Government conducted a sample-limited fieldwork approach to examining the typical development needs of communitybuilders and community organisations that aspire to taking on a fuller role. These were completed as visits, email exchanges and telephone conversations with key informants. The emphasis of the interviews and the style of the responses is essentially a practical one based on learning

from communitybuilder type organisations that have been or are going through the process of taking on an asset. The information gathered from this exercise provided information which help to inform the department regarding the general overall business and capacity needs of communitybuilder organisations.

Communities and Local Government's third sector strategy discussion document was published in June and closed for comment on 20 September 2007. The department's Third Sector team undertook a series of regional consultation events and ran an on-line discussion forum during the consultation period, which sought views on further development of the anchors policy. Follow up seminars were also held in late 2007 and the issue was also discussed with the department's National Community Forum. Given the strong commitment involving stakeholders in the formulation and shaping of the communitybuilders policy, it should not be necessary to conduct a further public consultant once the policy is announced as part of the Communities in Control.

The Financial Rationale

Evidence from existing investment programmes (such as the Adventure Capital Fund and Futurebuilders) shows that a package of revenue and capital investment can deliver real benefits for a community organisation and the area it serves, typically:

- Increased financial resilience evidenced through increased surpluses and reserves, in turn reinvested in other local voluntary and community groups and the wider community
- Significant uplift in turnover and assets helping to create stronger and more sustainable organisations less dependent on grants and more able to shape services
- Increased service delivery capacity providing public service partners with stronger and more viable partners in communities, often in areas that are 'hard to reach'

A considered and informed programme of investment will therefore have a significant impact on the quality and strength of communitybuilders, and to have any impact of scale for England as a whole, there is a clear need for a major programme of investment, working with the package of proposed support across Government, including:

- building on the £30 million Community Assets Fund announced in the 2006 Pre-Budget Report;
- the £10 million of new investment in communitybuilder organisations and community asset and enterprise development; and

- the new £50m local endowment match fund enabling local independent foundations to develop community endowments to provide sustainability in future grant making, building on the £80 million small grants programme for community action and voice announced in Budget 2007.
- The existing Adventure Capital Fund with 5 years of experience and a £15m investment fund.

The proposed investment in communitybuilders through a structured programme of support and capital investment would provide these organisations and the communities they serve with the skills to play a full part in local partnership working and in building stronger, cohesive and empowered communities.

2. Policy Options

There are three policy options which have been considered:

- I. No new investment in the Third Sector (do nothing)
- II. Continue core voluntary and community sector funding through other government departments
- III. A sustainable investment programme of grants and loans worth £70m

Our previous grant programmes and support are increasingly focussed through Area Based Grant and the sector is concerned about the need for direct support on investment.

Option I

There are a number of potential social costs derived from not doing anything to support communitybuilders. These organisations play an important role in bringing communities together, accommodating differences within communities and building bridges between isolated communities. If existing communitybuilders are forced to close due to lack of sustainable financial support, an erosion of social networks, community cohesion and social capital can be expected to occur. In addition the provision services that communitybuilders provide could also be lost.

In terms of potential financial risks, not having services delivered by Third Sector communitybuilder organisations may have an increased burden on local authority finance as they may be forced to pick up the slack. The continued lack of sustainably funded communitybuilder organisations will mean that they continue to spend a large amount of resources in seeking additional funding streams rather than focusing on provision for the benefit of their local community.

From a departmental point of view continuing the status quo may well have a negative impact on Communities and Local Government's relationship with the third sector. Doing nothing could be viewed by the sector as a lack of central Government support, at a time when it is highlighting the importance of giving power to people and organisations at the local level (through for example the Local Government White Paper and forthcoming Empowerment White Paper). In addition doing nothing may risk delivery against (or at least does not contribute to) PSA21 - building more cohesive and active communities, which is a departmental priority.

However not doing anything would allow the Department to use the funding set aside for the programme to support delivery on the forthcoming Empowerment White Paper. Indirectly it is possible that some of this money could find its way into support communitybuilder organisations however it would not be a concerted or focused effort and could not claim to solve the problem laid out at the start of this paper. That said the Communities in Control funding would help to fund community empowerment work which may pacify some of the criticism.

Option II

A number of programmes already exist which support investment in the Third Sector and include support for community organisations. This option would involve a Communities and Local Government fund which is used to extend the lifetime of some of these programmes. Such programmes include:

- Futurebuilders England is a government-backed fund offering support and investment to third sector organisations to deliver public services. They offer a combination of loans, grants and professional support to build the capacity of third sector organisations who want to deliver better public services. They support organisations to develop their public service in a way that encourages full cost recovery and sustainability. The four strategic aims of Futurebuilders are:
 - To improve public services significantly, in the longer term, through investing in a range of voluntary and community organisations.
 - To provide an investment model comprising a combination of loans, performance related investments, grants and capacity building through consultancy support.
 - To implement effective investment (outreach, application, assessment, decision-making and management) and administrative processes.
 - To have a wider impact, especially on the third sector, other funders and the public sector, by sharing learning gained from Futurebuilders' experiences.
- Capacitybuilders is a non-departmental public body (NDPB) set up in April

2006 to take over the management of the ChangeUp programme and to work with other funders to build the capacity of the Third Sector. Their support to the Third Sector includes a wide range of services that help organisations become more effective whilst allowing them freedom to develop in their own way. Services include information, advice and training, covering areas such as governance, ICT, performance and volunteering. Their mission is to manage funds and seek to influence the policy and practice of decision-makers and other funders. They work in partnership with support providers, funders and government to develop more effective and sustainable support services for frontline organisations across England.

- Grassroots Grants is a £130m programme operated by the Community Development Foundation (CDF) on behalf of the Office of the Third Sector. The grants provide much-needed access to small grants for local community groups and organisations in England who will apply for funds from a local funder later this year. It will also help develop sustainable funding for them through an endowment match challenge.

The major benefit of following this option is that it would allow many successful and established programmes to continue beyond their originally intended remit. In some cases these programmes would help to deliver community anchor-type organisations. The activities of these existing programmes will help to mitigate some of the social disadvantages more than by following Option I may cause. There would also be some efficiency gains by not having to go through a lengthy tender for another organisation to take forward the spending of the money. In addition there are strong reputational gains for the government (but not necessarily the department) in continuing to put funding into third sector facing grants programmes. In terms of finance this may prove an attractive option in the money could swiftly put into circulation by the current programme operators, and no procurement or set-up cost would be occurred.

However as with Option I the fundamental flaw with this option is its lack of focus on the specific needs of communitybuilders. The existing programmes are for a wide range of third sector organisations and whilst we may expect some communitybuilders organisations to be funded, it would not be as many as we could gain from a specific fund aimed at communitybuilders. The problem set out above is very precise, the financial instability of communitybuilder organisations, a certain type of third sector organisation. To apply a wide ranging programme to a specific problem may not yield the results desired and address the underlying issues identified in consultation with the sector.

Another negative for this option is that the current programmes are led by the Office of the Third Sector. Communities and Local Government Ministers would like this department to lead on community-facing schemes. A continuation of

funding existing OTS programmes may see a decline in Communities and Local Government's reputation with the third and community sector or at least a feeling that the department does not have a sufficient role.

Option III

The major benefit with this Option as compared to I and II is that it is a specific and targeted policy aimed at solving the problem set out at the start of this document. Whereas Options A and B could see some communitybuilder organisations funded it is more out of hope than a concerted effort. A targeted investment programme tackles head on the issue of fragile funding for communitybuilders.

A fund of £70m could see £49m being spent directly on communitybuilder capital projects with a further £21m (less £7.6m for administration costs) revenue funding being used to support the development of the organisations and helping to ensure that communitybuilders are sustainable and ready to empower their local community. It is predicted that some 390 organisations could benefit from this programme over the first three years. Organisations will be supported via a mix of grants and loans (called patient capital) funding tools to develop, improve and acquire assets to secure future sustainability. Using the ACF as a proxy, a balance of 70% loans and 30% grant may be expected. This would mean that substantial reinvestment could occur and the sustainability of organisations could be aided. For the Department, cost savings can be made through the Fund's loans element as will allow the programme to be sustainable because monies will be paid back into the fund for future investment. This will reduce the need for further departmental funding in this area. It will be for the National Partner to administer the loans and grants of the scheme. Following the first three years of operation, the National Partner management fee will be taken from loan repayments, thereby encouraging loan provision to sustainable, viable and competent organisations. Therefore Option III is the option most likely to yield both an increase in communitybuilder organisations and also an increase in the sustainability and capacity of such organisations.

Option III also raises the possibility of additional benefits. For example, by definition communitybuilders will undertake community empowerment work. It is therefore true to suggest that Option III will also help deliver on the wider community empowerment agenda as well, such as provision of services, up-skilling local residents and increasing community cohesion and activism.

A targeted government fund will have the benefit of increasing confidence in communitybuilders specifically (rather than in the general third sector). This raises the possibility of leveraging additional investment from other sources such as the private sector as they will be more likely to invest in organisations with strong and stable asset bases.

Option III could save money and resources for both communitybuilders and local authorities. Councils would not be the only funders of such organisations (as they can be at the moment) and can instead work in partnership with financially stable organisations, prepared to share resource burdens. Equally third sector lead communitybuilders will no longer need to spend significant resource on search for additional funding and the investment will give confidence to other funders and can instead focus of delivery for the empowerment of their local community.

Targeted funding is the only option which would allow a broad and evidenced knowledge base regarding communitybuilders to be formed. This will be crucial in the formation of any further policies (at the national, local and neighbourhood level) regarding communitybuilders.

Finally the Department for Communities and Local Government would be more likely to gain some reputational benefit from following Option III as they would be seen to be targeting a specific barrier to a thriving sector and investing in the future of the communities sector. Stakeholders have asked for a funding package of this nature and this option would be seen as the department meeting that need.

There are potential risks with this option, based mainly around what happens if the funded communitybuilders fail. Experience from CDFI's in lending to social enterprises showed write offs in 2007 averaged 1%, with a range of 0.7 – 3%. Cumulative write offs average 3 years with a range of 0.3 - 5%. This is a very low level of failure. This could lead to reputational damage to the Department, particularly if the fund could have been used to pay of other Empowerment White Paper activity. Delinquencies or late repayments of loans within the social enterprise sector suggest that although social enterprise borrowers fall into delinquency they are less likely to fail completely. This is part of the justification for a patient capital approach – investing and believing in community enterprise and providing time to establish a solid foundation.

3. Benefits

Assuming that Option III is the only viable option for solving the issue set out at the start of this document, officials recommend a £70m investment fund. This will consist of £59m from Communities and Local Government and £11m from the Office of the Third Sector.

Improved outputs

A £70m fund achieves a good scale of investment in the sector, including a substantive support package that will meet some of the demand. It is in line with recommendations on the ratio of capital and pre-investment support and would

maintain the level of funding for Community Assets over two years. It is predicted reach 390 organisations over the programme (189 in 2009/10 and 201 in 2010/11)

- 194 organisations receive pre-investment support
- 131 organisations supported for feasibility studies
- 65 investment projects

At this level of funding an additional £3m resource would be available to support the Empowerment White Paper.

In addition leverage from other finance sources could be expected. The experience of the Adventure Capital Fund (ACF), Charity Bank and others, including the Making Assets Work report, show that capital investment from Government funding can leverage a ratio of 4 or 5:1. We anticipate a good proportion of those projects supported would obtain capital funds from outside the programme.

We would expect the organisations involved in the programme to achieve the following outputs:

- develop more robust strategies for improved sustainability, primarily better organisational skills, better quality assets, greater mobilisation of volunteers and other local resources and generate greater surpluses and reserves
- have a clear robust strategy for future development
- have a more stable basis for their activities, enabling a greater focus on delivery
- better able to partner local service providers
- have access to local information and networks to design and develop more responsive services
- provide a venue for the delivery of local services and often access sections of the community termed 'hard to reach' in ways that statutory service providers find hard
- provide preventative action can reduce demand on public services

Outcome benefits

Investment via the fund outlined in Option 3 should produce a number of outcome benefits both for communities and for the Department. In terms of community benefits;

- organisations will receive patient capital thereby increasing their turnover, asset base and social impact by 2011
- Citizens will be in more direct control of assets in their locality and the activities that the organisation develop and deliver

- Wealth creation activities bring associated employment benefits and recycling income in the locality
- The optimum use of assets restores confidence and pride in the locality
- Stronger communitybuilders are able to bring people together to build a sense of place
- Have strong relationships with local authorities and other local statutory partners – with organisations better able to represent their communities and support community empowerment and activity, as well as deliver public services

For the Department the outcome benefits will be;

- Delivery against PSA21 – Build more cohesive, empowered and active communities
- Supporting delivery against wider Empowerment White Paper objectives
- Departmental savings in terms of further term grant giving to the Third Sector
- Reputation benefits from support of Third Sector organisations

Cost savings

It will be difficult to quantify the exact cost savings that the communitybuilders programme will have (and it is dependent upon which funding option Ministers decide). However, it is reasonable to estimate that potential savings could be gained for the Department, Local Government and the communitybuilder organisations themselves.

For the Department, cost savings will be through having a sustainable finance programme which contains a loans element. This will allow the programme to be sustainable as monies will be paid back into the fund for future investment. This will reduce the need for further departmental funding in this area. Additionally supported communitybuilders will be able to deliver more and empower more people in their communities in a sustainable way, thereby reducing the need for further central government investment in this area.

It is reasonable to assume that local government will achieve some cost savings. Communitybuilders will be locally controlled and as such local authorities can make cost savings by transferring assets to community ownership. Cost savings can also be made through communitybuilders taking on the delivery of community services that would otherwise but undertaken by local authorities. In addition rather than having to self-fund communitybuilder organisations as they may have done in the past, local authorities can now work in partnership with self-sustaining organisations.

Communitybuilders themselves contribute to the wealth of the community by providing services that reduce the transaction costs of the public sector by generating their own income, by a variety of methods they ensure that wealth is retained in an area. Communitybuilders can also include social and community enterprise organisations which can generate wealth and led to a reduction of costs needed to run the communitybuilder organisations.

4. Costs

Summary of Costs

The cost of the £70m programme (£59m from Communities and Local Government and £10m from OTS) may be summarised as follows. There will be a split of:

£49m Capital funds

£21m Revenue funds

Administration Costs

Of the revenue funds outlined above between £3.5m - £7.6m will be used for the following programme administration. This is in line with 5% to 10% of the programme budget. This will include money for financing the National Partner and Evaluation costs.

Programme Cost

Given the administration costs above there will be £62.4m available for distribution. The capital costs for the programme breakdown as followed;

Year	2009 - 2010	2010 - 2011	Total
Capital expenditure	£21,000,000	£28,000,000	£49,000,000
Number of organisations receiving funding (based on £750,000 per org)	28	37	65

The revenue costs will pay for revenue expenditure for the capital projects mentioned above as well as feasibility and pre-feasibility support for organisations. The costs for this will be as follows;

Year	2009 - 2010	2010 - 2011	Total
Revenue costs supporting capital expenditure	£1,400,000	£1,870,000	£3,270,000
Number of organisations receiving funding (based on £50,000 per org)	28	37	65

Year	2009 - 2010	2010 - 2011	Total
Feasibility Studies	£2,800,000	£3,730,000	£6,530,000
Number of organisations receiving funding (based on £50,000 per org)	56	75	131

Year	2009 - 2010	2010 - 2011	Total
Pre-Feasibility Studies	£2,100,000	£1,780,000	£3,880,000
Number of organisations receiving funding (based on £20,000 per org)	105	89	194

Capital/Revenue Costs

Past and existing programme that have looked to make capital investments into voluntary and community infrastructure have largely done so with little or no support to the organisations themselves. The notable recent exception has been the ACF, which has invested significantly in organisational capacity as well as in capital elements.

What is clear from the evidence is that making capital investments alone is now a higher risk approach to developing the sector, not least because the operating environment is becoming considerably more complex and competitive. The capacity of organisations to 'survive and thrive' in this environment is being challenged and there is anecdotal evidence from the sector that those communitybuilders that expand suddenly are often more vulnerable to failure as a result.

Therefore, as the capital investments in the communitybuilder organisation are likely to be significant, and the benefits of investment are worth pursuing, it will be prudent to invest in strengthening the capacity of the organisation. The eligibility criteria are also a robust test of fitness but to further mitigate the risks of 'setting organisations up to fail' we propose a clear split of funding.

The capital/resource split required is 70:30 at the programme level. This is based on experience with similar funds and discussion with financial intermediaries and sector representatives. This ratio is applied in all models.

Departmental Costs

For Communities and Local Government to manage the communitybuilder programme effectively and manage risks to the department and to delivery there is a need for sufficient internal administration resource within the department. These departmental costs are not counted as part of the £70m programme fund as they will be met by internal staffing budgets. In addition some of the resources required for this programme have already been allocated. There are two distinct phases for managing any programme of this type:

- Pre-programme development and set-up
- On-going sponsorship and programme management

The pre-programme phase is critical to the future success of the programme and in securing value for money and managing risks to delivery and the department's reputation. It will be an intensive process during which specialist skills will be needed.

Discussions with procurement suggest that the likely route to selecting an external delivery partner would be through an EU-wide competitive dialogue procurement. This will take at least six months to launch a programme, possibly longer, meaning the scheme would be operational in Q1 of 2009/10. This approach was used by OTS in the appointment of a new delivery partner for Futurebuilders. It required a core team of two members of staff, at Grade 7 and HEO level and two additional consultants for 1-2 days a week. Assuming a similar requirement for the communitybuilder programme, an internal resource requirement would total:

Post	Average Annual Cost (mid-point pay scale + on costs of £20K for IT, telephone, accommodation and non-pay admin)	FTE Equivalent	Estimated Cost
Grade 7 for eight months	£70,000	0.67	£47,000
HEO for eight months*	£51,000	0.67	£34,000
2 Consultants** for 35 weeks at 2 days a week each	£975 per day	140 days	£136,500
		Total	£217,500

*Existing post

**Consultancy rate for Senior Programme Manager (G7 equiv) from OGC catalyst of £750-£1200 per day.

In addition to these core costs there will be an additional pressure on Communities and Local Government staff, particularly in legal, finance and procurement in assisting and advising on the set up process. Allowing for contingencies, associated non-pay costs and additional internal costs from support staff we have assumed set-up administration costs of £400 000 during 2008/09. In terms of on-going sponsorship OTS had 1.5 members of staff (0.5 Grade 7 and HEO) who will provide the ongoing contract management and policy support on Futurebuilders. Assuming the continuation of the above costs this would amount to approximately £86 000 in 2009/10 and 2010/11.

Post	Average Annual Cost	FTE Equivalent	Estimated Cost
Grade 7	£70,000	0.5	£35,000
HEO*	£51,000	1	£51,000
		Total	£86,000

*Existing post

Therefore assuming these costs the profile of administration expenditure would be approximately £0.6m.

Administration Costs	2008/09	2009/10	2010/11	Total
	£400,000	£86,000	£86,000	£572,000

During 2008/09 OTS have available up to £1m resource to support the set up and implement of this programme. This is potentially available to cover off some of these administration costs, namely the external consultant support. It would also be able to support additional programme promotion costs to stimulate the market and manage demand prior to the national partner being operational.

5. Implementation, Enforcement and Monitoring

The fund will be distributed by a national partner organisation. It is recommended that this organisation be chosen via an open procurement route. The programme will initially run for ten years from Spring 2008 to Spring 2019, subject to review of the programme performance. The national partner management fee will be paid for two years from Spring 2009 to Spring 2011. Returns from the investments would be used to offset the management fee in years 3-10, which has been used to incentives high quality investments as the partner is dependent on returns for their fee. This is the approach used by BERR and incentivises the national partner to ensure robust investments that will produce a return.

The national partner will be responsible for choosing which projects to fund and for deciding whether funding is given as a grant or loan. It will also be their responsibility to ensure there is no difficulty in communitybuilder organisations receiving grants and loans, using them as agreed and making repayments on any loans. In selecting a robust national partner, the Department will be looking for organisations that meet the following criteria;

The national partner will need to demonstrate that they can **develop advisory support for organisational development and business development grants** which must:

- complement not duplicate existing capacity building programmes for the third sector, focusing on neighbourhood level organisations
- empower recipient organisations to commission the support they need based on agreed outcomes
- develop effective and engaged relationships with supported organisations
- draw on expertise in business development and the community sector to achieve a step-change in financial capability and stability of support community organisations

- be responsive to changing circumstances and capable of where necessary of responding rapidly to changing needs
- result in demonstrable improvement in organisational sustainability through better management capacity
- lead to improved engagement with the local community and stronger relationships with local authorities, service providers and public bodies

The national partner will be responsible for **managing a patient capital investment fund** over the contract period which must ensure:

- processes comply with government standards, including HMT guidance to funders and the Compact, and represent next/best practice in working with the third sector
- agreement of investment protocols which are publishable, fair, transparent and credible basis for investment decisions, and ensure an equitable distribution of resources
- **processes have regard to the view of local partners, specifically the relevant local authority, and investment decisions are in line with the relevant Sustainable Community Strategy**
- ensure robust financial capability, planning and accountability in supported organisations
- good value for money through leverage of additional investment from other sources, including non-public investment
- recovery of loan repayments. We need to investigate further with HMT whether this could then be reinvested in the fund for recycling in future investments. Additionally, as patient capital repayment periods are long we also need to ensure there is investment management cover beyond the next three years

The national partner will need to demonstrate clear proposals for ensuring **efficient administration and lines of accountability** including:

- effective management and monitoring of the funding through robust and secure financial systems
- effective capturing and reporting of financial and social data returns to enable analysis of outcomes on the organisations and wider community sector
- minimising management fees and maximise the resources available for investment in the community sector. Experience from similar programmes suggests that a prudent range for management costs would be 3-4% of funds under management each year

- managing risks and escalation procedures
- agreed accountability arrangements for those decisions resting with the national partner and those of the sponsor departments.

Following on from this we would expect communitybuilder organisations to fulfil certain eligibility criteria which will mitigate risk and help ensure that finances are properly used and accounted for. The core terms for eligibility are:

- a. **Applications must be from an organisation.** An organisation might take the form of a company limited by guarantee, with or without charitable status, or any other recognised structure, but must be properly and legally constituted and registered as appropriate to cover the period. We cannot legally fund the organisation otherwise.
- b. **Communitybuilder organisations will be the focus of holistic and inclusive services and activity in their community,** aspiring to provide or being the:
 - Space for their own activities and for the activities of other groups and organisations
 - Support to other local groups and organisations
 - Focal point for goods, facilities and services for the local community
 - Providing support for community development and enterprise

This may be done by one organisation, a consortium of organisations or an organisation that facilitates other organisations to do these things within a physical space.

- c. **They must be enterprising and generating income,** and possibly in receipt of grants. This can be trade or any other income-generating activity (such as being paid for providing services for the local authority) through which they are intending to make surpluses that will be reinvested for the sustainability of the organisation, or the benefit of the community.
- d. **They must be independent and community-led,** not controlled by the private or public sector. They could be an independent member of a larger body; our key criteria are local impact and community engagement both practically and via governance arrangements.
- e. **They must have been active for at least a year and be financially viable.** We interpret this as having generated income for at least a year through core activities as defined in their constitution (development work

for a new organisation does not qualify). The viability of the organisation will primarily be assessed the annual accounts, balance sheets assets and liabilities to determine if they are illiquid or insolvent.

- f. **They must be working for the benefit of local communities in England.** We will not invest in organisations working in Scotland, Wales and Northern Ireland, or those that benefit communities in Europe or elsewhere but recognise that many local areas have links with other parts of the world. We may require the applicant organisation to name the beneficiary community.
- g. **They must be working with a community of either place or multiple interests (or both),** eg an inner city area, a small town, a rural area or village, a district or multiple local groups and areas. You will be providing services against a backdrop of multiple needs and requirements. Communities of Interest with a single primary purpose will need to demonstrate the wider benefits of their new activities.
- h. **They must be working in partnership,** with the Local authority and LSP partners, other local VCS organisations and /or the private sector. This is a common feature but not a universal one as there may be factors that are hard for organisations to influence. However, it is hard to imagine a communitybuilder that does not have relationships with public bodies and we want to encourage and support better partnership working.

In order to set the assessment parameters to encompass the breadth of potential organisations, and also to encourage a fuller role for these organisations in building stronger communities, we will also consider the following criteria:

1. **They could be a consortium or partnership** of organisations in the same area performing the functions that might be expected of a single organisation. The Core Terms of Eligibility will need to be satisfied for each member of any consortium or partnership.
2. **They offer a proactive support and development service** to all existing and potential community groups within a specified territory, usually a neighbourhood, parish or small town.
3. **The organisation is accountable to the local community sector** (the community groups) through a suitable participative mechanism.
4. **They could employ at least one full-time member of staff** and must be able to demonstrate the involvement of volunteers in the services and activities they provide.

5. **They transmit information to and from their constituency** about relevant developments and opportunities at a 'higher' level, e.g. the LSP and LAA.
6. **They are able to show that you are known and valued** by your constituency by them as being the main organisation for its role in carrying out these functions.

Distribution of benefits

The fund will not be targeted towards certain specific locations. For example if we allocated the fund across the 150 Local Area Agreement areas, this would see a distribution of £500,000 each, which is insufficient on its own to make a robust investment. In addition this approach would not take into account need or opportunity. Communitybuilders vary significantly in size, scope and support needs. There is no simple uniform 'unit cost' for a communitybuilder organisation. For example local costs, such as building works, are likely to vary considerably across the country as well the strength of partnership with local authorities and their engagement with the sector.

The national partner will need to consider targeting local areas for fund distribution through assessing the need in the communities to be served by communitybuilder applicants, and target locations that have limited capacity at present through the organisational support and business development grants. A national partner, using their understanding of the sector to assess validity of each proposed project rather than forcing investments in certain specific areas, will help to ensure investments are made in sound and sustainable projects and deliver value for money. This is similar to the approach used by BIG in the Community Asset Fund process. In that process local authorities are required to lend approval and their support to the fund managers' recommendation to access the investment pot held by BIG. This is an established model from Invest to Save, Futurebuilders is moving this way and DCSF's myplace programme of investment in youth community assets follows this principle.

6. Evaluation and Next Steps

In order to provide us with an overview of the scheme and measure its success, Communities and Local Government will commission an independent evaluation. The specification and contract will be let in 2008/09 and will measure the following:

Year 1	Establish baseline and market demand Pre-investment perceptions
Year 2	Attitudes Demands Market report
Year 3	Impact of investments
Year 4	Review to tie in with policy review in 2011

The evaluation of the programme should make an assessment of a number of issues relating to the success of the fund including.

- The sustainability of the organisations which the fund financed
- The social impact and benefit of the funded organisations for neighbourhoods
- The result of capital works
- The extent to which leveraging finance from other sources was successful
- The extent to which partnership working was undertaken
- The future of government funding

As regards social impact the Department would expect a robust evaluation programme to be produced to consider the impact of social investment and inform policies on empowerment and active communities. Evaluation the social benefits realised by the scheme will be a difficult task and the Department will need source additional analytical support resources (something which is already underway as part of the establishment of the Social Enterprise Unit).

In terms of next steps, the evaluation of the policy should produce a detailed and robust evidence base which will inform future government policy on the issue. Future government actions could include extending the programme, possibly via the possibility of a future bid for CSR money. On the other hand the programme may have gained a degree of sustainability and the next for further government investment may not be necessary.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	No	Yes
Small Firms Impact Test	No	Yes
Legal Aid	No	Yes
Sustainable Development	No	Yes
Carbon Assessment	No	Yes
Other Environment	No	Yes
Health Impact Assessment	No	Yes
Race Equality	No	Yes
Disability Equality	No	Yes
Gender Equality	No	Yes
Human Rights	Yes	Yes
Rural Proofing	No	Yes

Annexes

Specific Impact Tests

Competition Assessment

It has not yet been decided how a national partner will be chosen. If an open procurement route is chosen for this process then this will comply with national and EU regulations on the issue. In terms of competition between potential communitybuilder organisations, the appointed national partner will have sufficient funds to help develop the plans of organisations which lack capacity thereby producing a more even playing when it comes to the bidding process.

Small Firms

It is unlikely that this policy will have a major impact on the business of small firms. Some communitybuilder organisations may contain social and community enterprise organisations. It is envisaged that these would mainly operate in terms of provision of public services however it is possible that some could provide competition for other businesses in the area. This will be in line with EU competition rules and the duty will not place any direct burden on local businesses.

Small firm consultation has not been carried out in the options development phase of this policy because it is not aimed at business and is not expected to place any additional costs or burdens on firms.

Legal Aid

There will be no impact on legal aid from this policy.

Sustainable Development

This policy is aimed at securing long-term and sustainable community organisations. It attempts to provide funding that will allow community assets to be as sustainable run as possible. It is unlikely that the policy will impact on local Sustainable Community Strategies, which sets out the overall strategic direction and long-term vision for the economic, social and environmental well-being of a local area, as communitybuilder organisations operation on a small scale, neighbourhood level.

Other Environment

This duty will not have any major impacts on other environmental considerations. It is possible that building work could be undertaken for a number of communitybuilder organisations, however this is likely to be small scale and localised.

Carbon Assessment

Again building work may be undertaken on a number of the funded organisations which may lead to small scale/neighbourhood level carbon output. In addition the increased productivity of communitybuilder organisations may lead to small scale carbon outputs, although the impact on the environment as a whole is likely to be negligible. We will ensure that only organisations that meet high development standards are funded by the national partner.

Health Impact

The proposal will not have a direct impact on health, although there may be beneficial effects on community well-being from the establishment of sustainable communitybuilder organisations. For example, new buildings will be built in line with modern accessibility standards allowing more people to benefit from communitybuilder. In addition the role of a communitybuilder in helping to combat social isolation will mean that vulnerable people of those suffering from mental illness are better provided for by the community.

Race, Disability and Gender Impacts (Equality Impact Assessment)

Please see below.

Human Rights

There will be no impact on human rights from the adoption of this policy.

Rural Proofing

The policy understands that communitybuilder can occur anywhere in England. It also understands that the sort of organisations which appear in rural areas may differ significantly from those in urban areas. It is for this reason that we wish to ensure that the widest possible range of community assets be available to use as community anchors. This could include local public houses or religious buildings. In addition we are in discussions with the Office of the Third Sector to allow parish councils to work in partnership with other organisations to form communitybuilder partnerships.

Summary: Intervention & Options

Department /Agency: Communities & Local Government	Title: Impact Assessment of Duty to promote Democracy	
Stage: Consultation	Version: Final	Date: July 2008
Related Publications: "Communities in control real people, real power": "Representing the future" The Report of the Councillors Commission		

Available to view or download at:

<http://www.communities.gov.uk>

Contact for enquiries: Alison Lyon

Telephone: 020-7944-5947

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

There is a reducing interest in local democracy demonstrated by low levels of involvement in elections, and low interest from citizens in standing for the role. Councillors and other civic governance roles are currently unrepresentative of the population with women, people of working age, people from ethnic minorities communities, young people and people with disabilities under represented.

Not all local authorities are confident that it is their responsibility to promote local democracy, the duty is intended to clarify this..

What are the policy objectives and the intended effects?

We believe that improving interest in local democracy and achieving better representation of the community in civic roles will improve accountability and engagement. We also seek to make local authorities the democratic hubs of the locality encouraging involvement including taking civic roles.

What policy options have been considered? Please justify any preferred option.

- A. Do nothing (option A)
- B. To promote greater civic involvement through the use of guidance for local authorities and the active promotion and dissemination of best practice. (Option B)
- C. To create a new duty on local authorities to promote civic involvement solely aimed at councillors (Option C)
- D. To create a new duty on local authorities to promote civic involvement in a wider range of lay governance roles, (Option D) (Preferred option)

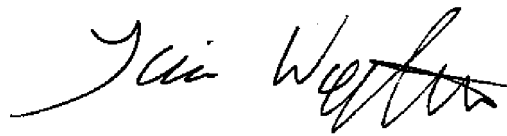
When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

April 2013

Ministerial Sign-off For Consultation stage Impact Assessments:

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

Signed by the responsible Minister:

A handwritten signature in black ink, appearing to read "Jacqui Weyler". The signature is written in a cursive, flowing style.

Date: 9 July, 2008

Summary: Analysis & Evidence

Policy Option: **B**

Description: **To promote greater civic involvement through the use of guidance for local authorities and the active promotion of the best practice**

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Cost to CLG of £2.5m over 3 years.
	One-off (Transition)	Yrs	
	£		
	Average Annual Cost (excluding one-off)		
	£ 800,000		
			Total Cost (PV) £ 18m
Other key non-monetised costs by 'main affected groups'			
BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£		
			Total Benefit (PV) £
Other key non-monetised benefits by 'main affected groups' More local authorities providing more effective information on democratic processes and how best to engage people who do not normally participate or stand for civic roles. This will lead to an outcome of a more representative and vibrant local democracy.			

Key Assumptions/Sensitivities/Risks

Price Base Year 2008	Time Period Years 10	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £ -2.4m
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What is the geographic coverage of the policy/option?		England only		
On what date will the policy be implemented?		CLG		
Which organisation(s) will enforce the policy?		N/A		
What is the total annual cost of enforcement for these organisations?		£ n/a		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		Yes		
What is the value of the proposed offsetting measure per year?		£ n/a		
What is the value of changes in greenhouse gas emissions?		£ n/a		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase – Decrease)				
Increase of £	Decrease of £	Net Impact £		
Key:	Annual costs and benefits: Constant Prices		(Net) Present Value	

Summary: Analysis & Evidence

Policy Option: C

Description: Create a new duty on local authorities to promote civic involvement solely aimed at councillors

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' £6,000 per Local authority.
	One-off (Transition)	Yrs	
	£		
	Average Annual Cost (excluding one-off)		
	£ 2.1m		Total Cost (PV) £ 18m
Other key non-monetised costs by 'main affected groups'			
BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£		Total Benefit (PV) £
Other key non-monetised benefits by 'main affected groups' All councils to provide clearly accessible information about the political control of the Council, governance processes and how to stand for election with the aim of encouraging those who may be interested to stand for election as a councillor. This will lead to an increasingly representative and vibrant local democracy.			

Key Assumptions/Sensitivities/Risks

Price Base Year 2008	Time Period Years 10	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £ -18m
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What is the geographic coverage of the policy/option?		England		
On what date will the policy be implemented?		2010		
Which organisation(s) will enforce the policy?		CLG		
What is the total annual cost of enforcement for these organisations?		£ nil		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		Yes		
What is the value of the proposed offsetting measure per year?		£ n/a		
What is the value of changes in greenhouse gas emissions?		£ n/a		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase – Decrease)				
Increase of £	Decrease of £	Net Impact £		
Key:	Annual costs and benefits: Constant Prices		(Net) Present Value	

Summary: Analysis & Evidence

Policy Option: **D**

Description: **Create a new duty on local authorities to promote civic involvement solely aimed at councillors**

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' £90,000 per authority providing two employees working in this area and a publicity budget.
	One-off (Transition)	Yrs	
	£		
	Average Annual Cost (excluding one-off)		
	£ 32m		Total Cost (PV) £ 275m
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£		Total Benefit (PV) £
Other key non-monetised benefits by 'main affected groups' More effective local co-ordination and promotion of the various civic roles that exist at local level, work in seeking out communities to develop knowledge and interest in standing for office and a change in culture resulting in increased number of people from under represented groups standing for civic roles.			

Key Assumptions/Sensitivities/Risks

Price Base Year 2008	Time Period Years 10	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £ -275m
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What is the geographic coverage of the policy/option?	England			
On what date will the policy be implemented?	2010			
Which organisation(s) will enforce the policy?	CLG			
What is the total annual cost of enforcement for these organisations?	£ nil			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	Yes			
What is the value of the proposed offsetting measure per year?	£ n/a			
What is the value of changes in greenhouse gas emissions?	£ n/a			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase – Decrease)				
Increase of £	Decrease of £	Net Impact £		
Key:	Annual costs and benefits: Constant Prices		(Net) Present Value	

Evidence Base (for summary sheets)

Duty to Promote Democracy

Issue

To establish the principle that local authorities are hubs of local democracy, with a statutory duty to promote democratic understanding and participation; and encouraging local authorities to adopt a new culture which sees democratic politics as respected, recognised and valued.

Background

1. The 2006 Local Government White Paper “Strong and Prosperous Communities” and subsequent Local Government and Public Involvement in Health Act 2007, made clear the intent to develop the role of councillors as democratically elected champions of local citizens. The White Paper recognised that to do this there needs to be a much wider pool of people with the talent and the ability to be councillors to stand.
2. At present the talent and ability of significant sections of the community is just not being fully realised. Only around 1,500 councillors (7.8 per cent) out of nearly 20,000 are aged under 40 years; and of these only around 360 are aged under 30 years. Only 29 per cent of councillors are women. Similarly around 4 per cent of councillors are from black and minority ethnic communities, when just under 10 per cent of the adult population is from an ethnic minority background. To create a more vibrant local democracy more people from these underrepresented sectors of the community must be encouraged to stand for election.
3. The Councillors Commission, in looking at barriers to attracting people to become potential councillors, recognised the important role that awareness of what councillors do had. Qualitative research carried out on behalf of the Commission among civic activists, who found a very limited understanding of the role of councillor and governance in general (Hands et al., 2007). Lack of public awareness in relation to what councillors do is mirrored by a similar ignorance of participation opportunities and lack of knowledge of how to stand for selection or election (Haberis and Prendergrast, 2007) (Hands et al., 2007).
4. The conclusion reached by the Commission was that if we want to get people involved in local democracy then they need to know how the local governance systems work, who their representatives are and what they do. They also need

to know how one becomes a councillor. This information should not only be clearly available to those that seek it, but also promoted to sections of the community who are less engaged and under represented as councillors. Their view, which we now support, was that the responsibility for this information provision should fall to the local authority. Also, that given the local authority role as the accountable body for LAAs and the lead on local cross agency work they should also consider how to make links with other statutory agencies in promoting the governance processes and governance roles.

5. The overarching recommendation of the Councillors Commission was that there should be a statutory duty on all principal authorities to facilitate democratic engagement by:
 - proactively disseminating clear and accessible information on how local governance works and what councils and councillors do
 - facilitating more active civic participation
 - promoting the role of councillor, how to become a councillor and the activities of elected members.

6. In response to this the overarching recommendation of the Councillors Commission was that there should be a statutory duty on all principal authorities to facilitate democratic engagement by proactively disseminating clear and accessible information on how local governance works and what councils and councillors do; facilitating more active civic participation; raising interest in and promoting the role of councillor, how to become a councillor and the activities of elected members.

7. The full recommendation is set out below.

Recommendation 1 of the Councillors Commission report 'Representing the future'.

Local authorities should be charged with a statutory duty to facilitate local democratic engagement by:

- a) proactively disseminating clear and accessible information on how local governance works: what councils and councillors do; what the responsibilities of other agencies are; how local agencies relate to one another (or not); even how to register to vote and how exactly to vote;
- b) facilitating more active civic participation in a range of areas (such as tenant and residents' associations, school governorship etc). This may well require a more specific capacity building/community development approach;
- c) raising interest in and providing information on how to stand as a councillor;
- d) proactively promoting the role of councillor and the activities of elected members.

Principal authorities should also provide information and facilitate democratic engagement in respect of the parish and town council tier.

To support this recommendation central government departments must work far more effectively together than hitherto, to ensure a consistent and positive approach to local government.

8. The 'Communities in control' White paper will put forward proposals to empower communities through policy proposals that aim to reviving civic society and local democracy and creating mechanisms for public participation.
9. Councils, and councillors, are seen to be at the heart of local democracy. There is a clear desire to encourage local government to be confident about being politically led democratic organisations, and ensuring that people know about the local governance processes, how to get involved and how to become a councillor.

10. The 'Communities in control' White Paper develops this idea into a Duty to Promote Democracy. With the intention that local authorities should be seen as vibrant hubs of local democracy, with a statutory duty to promote democratic understanding and participation. We are seeking to empower local councils to present themselves as democratic centres, with a new culture which sees democratic politics as respected, recognized, and valued.
11. The anticipated benefits are a reinvigoration of civic participation and local democracy. As a broader range of people, from all parts of the community, including those traditionally under represented as councillors and in lay governance roles – women, people of working age, people from ethnic minority communities and people with disabilities – will become aware and interested in these significant roles, particularly that of a councillor, and consider taking on a role themselves.
12. The outcomes we hope to achieve are:
 - a) Citizens to be more aware of the democratic process
 - b) Citizens to be able to get information on how to be involved
 - c) Citizens to know more about how to stand for a formal governance role such as being a councillor or a school governor (or a magistrate if the duty is wider)
 - d) A wider pool of citizens putting themselves forward for governance roles including as councillors
 - e) Improved coordination of promotion and recruitment effort at local level
 - f) A greater number of people moving from one role to another
13. There are two approaches to achieving this – through creating a statutory duty or by leaving it with local authorities, with varying levels of encouragement, to develop a stronger approach to promoting democracy.

Non-Statutory Approaches

14. Many local authorities are already working to promote democracy to some degree from providing clear web based information on Council meetings and councillors to a more complete approach such as that at Southwark who working through a third sector led Active Citizens Hub to do inform people how to get involved and to work with all communities to encourage involvement, including taking on civic roles.
15. The LGA have commented on that despite not supporting a new statutory duty “...we believe local authorities have an important role to play in encouraging and facilitating local democratic engagement, and would

want to see councils engaged in all the activities listed...” in the first recommendation of the Councillors Commission report.

16. The Councillors Commission recommendation 1 said:

Local authorities should be charged with a statutory duty to facilitate local democratic engagement by:

- a) proactively disseminating clear and accessible information on how local governance works: what councils and councillors do; what the responsibilities of other agencies are; how local agencies relate to one another (or not); even how to register to vote and how exactly to vote*
- b) facilitating more active civic participation in a range of areas (such as tenant and residents’ associations, school governorship etc). This may well require a more specific capacity building/community development approach*
- c) raising interest in and providing information on how to stand as a councillor*
- d) proactively promoting the role of councillor and the activities of elected members*

Principal authorities should also provide information and facilitate democratic engagement in respect of the parish and town council tier

To support this recommendation central government departments must work far more effectively together than hitherto, to ensure a consistent and positive approach to local government.

17. This suggests two non-legislative approaches. The first (Option A) is that we do nothing and leave it with the local government sector to develop practice as it suits them and the needs of their community. However, this would mean that a large number of authorities would not consider this core business, and therefore not seek to change the way they promote Council meetings, councillors and the opportunity to stand for formal civic roles such as councillors. This suggests that some level of action is needed.

18. This action could take the form of **promoting greater civic involvement through guidance for local authorities and by actively promoting and disseminating best practice (Option B).**

Costs

19. This could take the form of a range of activities led by the LGA/IDeA/Local Government Leadership Centre to develop relevant good practice materials and approaches; and to develop ways to most effectively promoting this through existing means – such as the web site and publications – and

embedding the information within existing programmes of work directly with local authorities.

20. We would expect to work with the LGA, IDeA and Local Government Leadership Centre to develop a relevant good practice materials and approaches. The planned Local Government Leadership Centre programme of Exemplar Authorities, who will develop and showcase many of the Councillors Commission recommendations including the facilitating democratic engagement, would be a useful starting point. We would also look to work with the IDeA in involving the Network of Empowering Authorities, and the local authorities who have included NI3 in their LAAs to promote good practice.
21. We currently fund IDeA £500k for 2008/09 and £564k for 2009/10 to support the group of 18 authorities making up the Network of Empowering Authorities and to disseminate good practice. We would expect to build on this and extend the work beyond the 18 authorities. We envisage that depending on the extent of the work this could cost £0.5m – £1.5m. We would also seek to embed the work within core IDeA/LGLC work and the work of the Regional Efficiency and Improvement Partnerships.
- 22. This suggests a cost to Communities and Local Government of £0.5m - £1.5m in each year over a three year period from 2008/09 – 2010/11.** We would look to establish the appropriate costs and review each annual allocation subject to performance in previous years. These costs could be met from within the Councillors Commission Implementation Budget.

Benefits

23. Taking a light touch approach would be welcomed by the Local Government sector. The programme of work to promote and disseminate would be an effective way of encouraging local authorities to develop new approaches to promoting democracy.
24. However, not all local authorities would accept this work as core business, and may be unwilling to divert resources towards promoting democracy. To ensure that all local authorities focus their attention on how best to promote democracy within their locality, which is a central ministerial objective as set out in the 'Communities in control' White Paper there is a view that local authorities must be required to do so.

Legislative Routes

25. Two options for the scope of duty were considered as the duty has been developed.

- To create **a new duty on local authorities to promote civic involvement solely aimed at councillors** (Option C)
- To create **a new duty on local authorities to promote civic involvement in a wider range of lay governance roles**, (Option D)

26. It is proposed that any duty is backed by statutory guidance

A new duty on local authorities to promote civic involvement aimed at councillors (Option C)

27. A duty focussed on local government to provide information and support to citizens on the local authority's governance arrangements, the role of councillors and how to become a councillor.

Costs

28. At its most simple the focus could be solely on local authority governance processes, including councillors with the duty requiring councils to inform communities about the role of councillors and how to stand as a councillor and actively promote it as a key civic role; and having regard to any relevant guidance. This has the advantage of being tightly defined with its focus being on local councillors, and an expectation of a low additional burden on local authorities.

29. Many local authorities already do this work, a new duty would focus attention on this and ensure that all authorities do so.

30. The additional burden for authorities is assumed to be slim and involve ensuring Council websites and other promotional materials explain governance processes and how to become a councillor. We anticipate that this would involve 2 days a month on average for a middle manager (PO4), in each local authority.

31. Costs are based on

	Est costs (including 20% on costs)
15% of an officer at middle manager level	£6,000
For 355 Local Authorities	£2,130,000

32. The costs of this are estimated to be £2.1m.

Benefits

33. This represents a very slim expectation on local authorities. We would anticipate better co-ordination and presentation of local authorities' information on the political leadership and make up of a council, councillors role and council meetings making it easier for people to find out information, if they chose to seek it, about what a councillor does, how to stand as a councillor and when and what council meetings are being held.

A new duty on local authorities to promote civic involvement in a wider range of lay governance roles, (Option D)

34. Broad duty on local government to provide information on governance arrangements and lay governance roles within the public sector agencies operating in their geographical area.

35. This would be a significant new responsibility for local authorities, requiring coordination of information with other agencies. It is anticipated that a linked new duty might need to be placed on other agencies, possibly those on the duty to co-operate list, such as PCTs, to provide information to the local authority about their respective governance roles.

36. This option provides the broader cross cutting scope that would support the proposals for lay governance co-ordination within the White paper. However, there would be greater requirements to co-ordinate with other public services, and for the local authority to take on the responsibility for promoting the range of non local government public roles. This would have resource implications for local authorities. The resource implications on the public bodies included in the duty, would also need to be agreed with the departments that are responsible for those roles. Indications from the work we are doing on lay governance are that this would not be unduly controversial.

Costs

37. This model would require the local authority to build links with the other public agencies in order to provide information on their governance processes and recruitment activities. An initial estimate of costs based all or part of a middle manager (PO4) plus administrative support and a promotions/systems budget suggests **costs of this option are likely to be in the order of £32m.**

	Est costs (including 20% on costs)
Officer – manager	£42,000
Administrative Support	£23,000
Promotions/systems budget	£25,000
Total	£90,000
For 355 Local Authorities	£31,950,000

38. This wider proposal would expect the local authority to take a more proactive role than Option A. We would expect the local authority to work develop the basic information on the Council and its councillors and committees, as in Option A. In addition we would expect the local authority to develop work that seeks out different communities to raise awareness of the role of Councils and councillors and how to hear what is happening, make their views heard or stand for formal role, such as a councillor. We would also expect work on making links with other statutory agencies around their processes for recruiting to civic roles, particularly around outreach work with under represented groups.

Benefits

39. Option D would enable authorities to establish a **culture change** in how they present themselves as politically led democratic organisations, and removing any mystique around how people can get involved formally.

40. The more tangible benefits of option C are expected to be:

- more effective local co-ordination, improved information and promotion of the various civic roles that exist at local level.
- engaging with all communities including those traditionally under represented linking up existing work with communities such as capacity building and information
- a higher level of people from traditionally under represented groups – women, people from ethnic minority communities, people of working age, disabled people and young people – taking on civic roles and standing for election.

How would the Duty (Option C) work in practice?

41. The proposed duty would be developed to establish the principle but leave local authorities to interpret this in locally relevant ways, “having regard” to the statutory guidance. This would provide the opportunity to set out the options that we would want local authorities to consider in taking forward their obligations under the Duty.

42. The Statutory Guidance would be expected to include the following suggestions for how Councils to consider in developing their response to the new Duty.

- acknowledgement in official council publications of the democratic, political nature of local government, including clear information about political control, contact details for councillors, information about councillors' surgeries, and contact details for political parties;
- using basic communications technologies such as emails and conference calls as well as new applications such as social media to improve dialogue between councillors and their citizens;
- empowering young people through better, more accessible information, structures, cultures and systems of engagement for example by giving young people a positive experience of voting such as young mayors, the UK Youth Parliament, mock elections and school councils;
- publicising to all communities how to get involved by being a councillor or taking up other civic roles within the local authority or within other public agencies using a variety of media such as websites and newsletters;
- publicising to all communities how people can get involved by attending Council meetings, including overview and scrutiny meetings, how to find out what they are discussing and what was decided and any public meetings where people can make their views heard ;
- practical support for councillors, including allowing councillors to hold surgeries on council premises, and allowing political parties to hold meetings and events on council premises;
- training front-line staff such as call centre staff, council tax, housing and planning officers in the basic facts about the democratic system, such as which political party controls the council, when the next set of elections is, how to register and where to vote;
- Councils may opt to involve staff or former councillors in promoting local democracy within the authority and to the public through programmes such as 'Civic Champions' or 'Democracy Advocates'. This could involve:
 - selected members of their staff becoming democracy experts with a greater depth of knowledge about local politics and democracy, to provide a focal point for colleagues' inquiries, and to provide detailed information to the public

- ex-councillors becoming mentors for serving councillors
- working with local schools, including initiating visits to explain their role and to support active citizenship education
- giving talks to local volunteer groups or boards where those already active could hear a positive presentation about governance roles and how to apply
- engaging with people from community groups where the role of council and councillor could be promoted
- developing links with town and parish councils and supporting democracy activities
- Co-ordinating existing activity in all statutory agencies to advertise governance roles, and application process for civic roles
- Consider how to work with the developing locality based arrangements of all public agencies, such as Local Involvement Networks
- Co-ordinated targeting of groups not well represented among councillors (women, young people, people of working age, people from minority ethnic communities) to develop awareness and skills to facilitate their participation in civic roles. Options to this might include using Take Part, Youth Parliament and Operation Black Vote.
- Working with third sector organisations to ensure that active citizens in community and voluntary groups know about the opportunities available in more civic roles
- Liaising with local employers to encourage support for staff members who have taken on a civic governance role.

43. The Guidance would also seek to encourage local authorities to build on the existing expectations through s69 of the Electoral Administration Act 2006 to encourage voter participation¹ by

- positive campaigns to encourage voter registration and voting, especially with young people
- schemes which recognise people who have turned out on polling day, for example every voter getting a 'I've Voted' sticker at the ballot box;

¹ S69 Electoral Registration Act 2006

Taking the proposed duty forward

Context

44. The Councillors Commission recommendation to create a statutory duty to facilitate democratic engagement was widely drawn. It covered ground that was within the remit of the Electoral Administration Act on registering to vote, and potential overlaps with the Duty to Involve. The new duty would need to be more narrowly drawn to avoid any overlaps with existing legislation.
45. It is intended to shape the proposed duty to complement the **Duty to Involve and s69 of the Electoral Administration Act 2006**. The proposed duty would build on the principles of the **Duty to Involve**.
46. The proposals also dovetail with a European initiative, agreed last October in Valencia. The initiative said that there should be a protocol to the Council of Europe Charter on Local Self Government (which the UK ratified in April 1998) on citizen participation. The Ministers at Valencia agreed in principle to such a protocol which would recognise citizens' rights to participate in local affairs and the duty on local authorities to facilitate such participation.
47. It is worth noting that local authorities already have the powers to undertake these activities using the Wellbeing Powers from the Local Government Act 2000. The difference with a duty is that they would be obliged to undertake the activities.

A new duty

48. As part of the devolutionary approach, Communities and Local Government aims to minimise the number of new duties to be placed on local government. A balance will need to be struck between being clear that there are enough specific actions we want to see from local authorities to warrant the introduction of a new duty, and not being too prescriptive in terms of the implications for councils' resource deployment which would add to the new burden costs involved.
49. Lawyers advise that if such a duty is pursued it should be kept simple and specific. It will need to make it reasonably clear, when read alongside any statutory guidance, what needs to be done in order to comply. The more focused the legislation, the more likely that the desired outcomes are achieved.

Implementation and Monitoring

Implementation

36. The Duty to Promote Democracy will be included in the planned Community Empowerment, Housing and Regeneration Bill. The associated statutory guidance will be developed and consulted upon following Royal Assent of the Bill. This is anticipated to be by, or before, Autumn 2009.

Monitoring

37. Local Authorities' progress will be reviewed through the performance framework and through the monitoring of performance against PSA15 NI3.

Specific Impact Tests

We have considered the specific impact tests for; competition, small firms, Legal Aid, Sustainable development, Carbon and other environmental impacts, health, human rights and rural impacts and we found that there were no impacts in these areas.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes/No	Yes/No
Disability Equality	Yes/No	Yes/No
Gender Equality	Yes/No	Yes/No
Human Rights	Yes	No
Rural Proofing	Yes	No

Summary: Intervention & Options

Department/Agency: Communities & Local Government	Title: Impact Assessment of The Empowerment Fund	
Stage: Consultation	Version: Final	Date: July 2008
Related Publications: Communities in Control: real people, real power; Impact Assessment for the Communities in Control: real people, real power; Empowerment Fund: Draft Prospectus		

Available to view or download at:

<http://www.communities.gov.uk>

Contact for enquiries: Tim Pope

Telephone: 020-7944-2638

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

Overall, Government intervention and investment is needed in the third sector to ensure it can continue to make a strong contribution to a better society and improving local communities. Government is expecting more input from the Third Sector especially as central Government devolves more decision making to the local level. It is crucial to develop capacity at the front line and unless the sector is adequately funded, their effectiveness will be impaired.

What are the policy objectives and the intended effects?

Policy Objective: To invest in the Third Sector to help the Department deliver on the White Paper.

Intended Effect:

- 1) improved empowerment and engagement of citizens and communities in local areas and stronger neighbourhood governance, accountability and representation;
- 2) a more sustainable and enterprising local third sector supporting community voice and action; and
- 3) a stronger and more effective relationship between the department and the third sector

What policy options have been considered? Please justify any preferred option.

- 1) Do nothing – no new investment in the third sector over the CSR07 period
- 2) Provide strategic funding to support national third sector organisations whose aims and objectives are specifically aligned with the delivery aims and policies set out in the White Paper.

Ministers and senior officials have selected option 2. Our original plans (Strategic partners) were postponed to provide a greater alignment and focus with the aims of the White Paper. Ministers gave a commitment that money set aside for strategic partners will still fund third sector activity

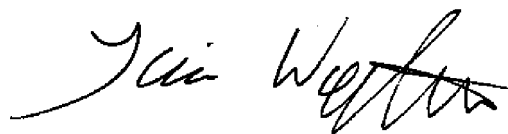
When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

The policy will be reviewed annually.

Ministerial Sign-off For consultation stage Impact Assessments:

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

Signed by the responsible Minister:



Date: 9 July 2008

Summary: Analysis & Evidence

Policy Option:
2

Description:
Provide strategic funding to support national third sector organisations whose objectives are specifically aligned with the White Paper

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' The Fund is for existing national organisations. We are seeking to select a balance between providing significant funding to enable organisations to succeed, reach organisations focused on the specific themes and a limit on the number of organisations overall.
	One-off (Transition)	Yrs	
	£		
	Average Annual Cost (excluding one-off)		
	£ 2.5m		Total Cost (PV) £7.25m
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£		Total Benefit (PV) £
Other key non-monetised benefits by 'main affected groups' Benefits of the White Paper: (i) Local communities will have power to make a difference in their communities; (ii) vibrant local democracy in every part of the country is generated; and (iii) communities will have real control over local decisions and services to a wider pool of active citizens			

Key Assumptions/Sensitivities/Risks

Enabling third sector organisations involved in supporting the themes of the White Paper will have a positive effect on the number of people or groups getting involved in community empowerment (community leadership, social enterprise etc).

Price Base Year 2008	Time Period Years 3	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £ -7.25
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What is the geographic coverage of the policy/option?		England		
On what date will the policy be implemented?		2008-2011		
Which organisation(s) will enforce the policy?		CLG		
What is the total annual cost of enforcement for these organisations?		£ N/A		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		£		
What is the value of changes in greenhouse gas emissions?		£		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase – Decrease)				
Increase of £		Decrease of £		Net Impact £
Key:	Annual costs and benefits: Constant Prices		(Net) Present Value	

Evidence Base (for summary sheets)

Background

The third sector makes a vital contribution to civil society, enhancing citizen and community empowerment and engagement and helping to create strong, prosperous and more cohesive communities. The Government recognises the value of the diversity of organisations in the sector in providing voice for underrepresented groups, in campaigning for change, in creating strong, active and connected communities, in promoting enterprising solutions to social and environmental challenges, and in transforming the delivery and design of public services.

Overall, Government intervention and investment is needed in the third sector to ensure it can continue to make a strong contribution to a better society and improving local communities. Government is expecting more input from the Third Sector especially as central Government devolves more decision making to the local level. It is crucial to develop capacity at the front line and unless the sector is adequately funded, their effectiveness will be impaired.

The Government is committed to ensuring that there is greater emphasis on the sustainability of the third sector's work, including by shifting more resources to investing in the underlying strength of the sector and by ensuring that specific partnerships are for a sufficiently long period. The contribution of the sector is evidenced through the CSR cross-cutting review "The future role of the third sector in social and economic regeneration" (July 07).

Communities and Local Government Objectives

The Government's CSR settlement, published in October 2007, set out the strategic objectives which Communities and Local Government (the "Department"), led by our Secretary of State – Hazel Blears – and her Ministerial team, are committed to delivering. One of our five strategic objectives is '*to support local government that empowers individuals and communities and delivers high quality services efficiently*'.

The CSR settlement also set out the 30 Public Service Agreements (PSAs) which, together, all departments will deliver for Government. Of these, the Department leads PSA 21: Build more cohesive, empowered and active communities.

Strategic Partners

In response to the Government's Third Sector Review by HMT and Cabinet Office and our Capability Review commitment to lead and enthuse stakeholders, we published our Third Sector Strategy discussion document in June 2007 which included proposals for developing strategic relationships with the third sector.

However, the Strategic Partners programme was rejected as it no longer met our delivery priorities or offered value for money. However, ministers gave a commitment that money set aside for strategic partners will still fund strategic third sector activity. Ministers wanted a greater emphasis on the role of the third sector to deliver our aims of increasing empowerment and encouraging social enterprise. It was therefore decided to develop a new fund that would provide a greater alignment and focus with the aims of the White Paper.

Alongside this White Paper, we are consulting on a draft prospectus for a £7.5 million "Empowerment Fund" to be launched later this year. As specified by the Compact guidelines, we plan to hold a full consultation, ensuring that everyone involved at Stage one of the previous Strategic Partners programme is notified.

Options

Two options have been considered:

- Do nothing. Risk further damage to the department's reputation among the sector including distrust and apathy.
- To provide strategic and stable funding to strengthen relevant national infrastructure and intermediary bodies who can translate key proposals of the White Paper into practical action on the ground with local communities

Given the commitment from Hazel Blears, the second option was selected.

Empowerment Fund

What is it?

The Empowerment Fund is a £7.5m grant programme run by Communities and Local Government. It is designed to support organisations operating across the country assist local communities to take forward the proposals in the White Paper.

What will it do?

It will provide strategic, stable and sector funding for the third sector. We are providing support to organisations, not to projects, over three years. The fund is limited to organisations defined as charitable, philanthropic or benevolent.

What it won't do.

It is not designed to support local groups – that is for local partners to consider in line with our guidance on place-shaping and full involvement of the third sector.

How will it do this?

The purpose of the support is to help selected organisations to achieve to a greater extent their own goals, and those selected to receive assistance will be organisations that have, and are pursuing, goals that further the empowerment of local communities. The department will administer funds to existing third sector organisations operating across England whose mission and goals are related to one of the White Paper themes identified in this prospectus.

The proposed themes are:

- *Community Leadership* – for communities to feel empowered they need civil and civic leaders they trust who understand them and reflect their makeup. But in many places significant groups feel they lack pathways into power.
- *Community Development* – this seeks to empower individuals and groups of people by providing them with the skills they need to effect change in their own communities.
- *Community and Social Media* – this provides alternative sources of information and platforms for dialogue and debate, enabling citizens to make choices about where to get information on their neighbourhoods, and supports innovation.
- *Community Voices* – to support third sector individuals in their role on Local Strategic Partnerships and thematic sub-groups to ensure connections with the wider community.
- *Community Involvement in Planning* – this includes, for example, involvement in statutory and community led planning, supporting specific disadvantaged sectors of society and those wanting to get involved with environmental issues.
- *Improved communication between councillors and citizens* – to support communities and councillors to have increasingly effective forums for ongoing dialogue
- *Social Enterprise* – these are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community. Such enterprises can involve providing goods and services across a range of sectors, and creating work and wealth, particularly in the most deprived neighbourhoods.

- *Empowerment of excluded communities by facilitating small organisations to come together around shared goals* – this enables more collaborative working between organisations and service providers to help empower excluded communities organisations.

Criteria

Organisations will have to meet the following criteria:

- **A third sector organisation** falling within the scope of the Charities Act 2006 definition of being charitable, benevolent or philanthropic institutions. If your organisation has charitable objects, and registration is required, the organisation must be registered with the Charity Commission. See www.charity-commission.gov.uk for information about charity registration. Exempt or Excepted charities and those with income below a set level may not have to register;
- **Relevant to the theme applied for**, assessed through their existing mission statement and strategy demonstrating alignment with the theme as one of their main focuses. This does not mean it must be their sole purpose but it should not be tangential to their activities. They can apply for more than one theme, although the total funding must not exceed the limit set below;
- **Able to operate across England**. The devolved administrations of Scotland, Wales and Northern Ireland have their own arrangements. The organisation should be able to work at a national level and able to reach communities throughout England;
- **Not dependent on this grant for more than 25% of their turnover**. They should demonstrate turnover of over £400k during 2007/08 through copies of audited annual accounts;
- **A corporate body or have a formal constitution if not incorporated;**
- **The organisation should have an Equal Opportunities Policy.**

How will organisations be selected?

Through a competitive grant process, eligible organisations (organisations that meet the set criteria) will be able to bid for a set level of funding. Applications will be subject to a selection process which is designed to be fair and transparent. The selection of recipients is a competition. Organisations will need to carefully address the questions in the application form. The empowerment fund selection panel will look at three key areas:

- i. Eligibility
- ii. Financial viability
- iii. The strategic fit of your application to the relevant theme
- iv. The potential impact of your strategy in achieving our empowerment objectives

Benefits and Costs

Benefits

- The proposed themes are central to the delivery of the White Paper which has a simple aim: to pass power into the hands of local communities, to generate vibrant local democracy in every part of the country, and to give real control over local decisions and services to a wider pool of active citizens.
- Key to the delivery of the themes is a healthy third sector at all levels, able to support citizens and communities. The Empowerment Fund is about supporting organisations achieve their goals where by doing so it will complement the objectives of the White Paper
- Third sector organisations would benefit from financial assistance that would enable them to strengthen and focus their activities on helping the community groups they represent in their respective areas to play a more meaningful role in the democratic process.
- The Department would be investing in these organisations that would possess the necessary skills and expertise to promote effective community engagement and empowerment. This would enable the Department to meet its objectives of empowering communities to have a greater say in the decisions that have an effect on their lives.
- The Department would demonstrate its value of the Third Sector by trusting them to deliver key elements of the White Paper.
- The Department would create a culture of confidence, trust and respect between the third sector and the Department

Costs

There are no new or additional costs to third sector organisations as they would be invited to bid for funds of up to £7.5m over 3 years. The only cost would be to Central Government of £7.5m (over three years) to provide a grant for the third sector to enable delivery of the themes within the WP. £1.5m of the fund will be specifically for organisations focusing on involving communities in the planning (see below).

We are proposing that two levels of grant available:

Level 1 – £600k spread over three years (£100k, £250k, £250k) – for which organisations must be able to demonstrate that their annual turnover is £1m or more (through copies of annual accounts during 2007/08).

Level 2 – £250k spread over three years (£50k, £100k, £100k) – for which organisations must be able to demonstrate that their annual turnover is £400k or more.

We have sought to select a balance between providing significant funding to enable organisations to succeed and still reach specialist organisations focused on the specific themes. We also wish to limit the overall number of organisations in recipient of the grant to a manageable limit (*we anticipate approximately 15 organisations*).

Community Involvement in Planning (£1.5m)

Context

Communities that do not traditionally interact with the planning system have been excluded from having their say in matters that affect their lives because they do not have the necessary skills or resources to do so. However, since 2003 principally through the Planning and Compulsory Purchase Act 2004, the Government has funded Planning Aid, an organisation which provides free, independent advice to people who are unable to afford planning consultants and who, without assistance, would be excluded from the planning process.

The Planning White Paper, *Planning for a Sustainable Future* (May 2007)¹, made clear that the Government is committed to ensuring that members of the public get the advice and support they need to get involved in the planning system. This is also an essential part of the Department's agenda for encouraging community empowerment.

On 25 March, Hazel Blears announced that total funding support for Planning Aid would rise to £3.2m in 2008-09 compared with funding of £1.7m in 2007-08 – an increase of £1.5m to help increase its activities generally to provide advice and support to the public so that they can positively engage in the planning process.

Evaluation of the Fund

We are currently considering the evaluation process but we anticipate appointing an independent evaluation.

¹ *Planning White Paper 'Planning for a Sustainable Future'* was published in May 2007 and can be accessed at: <http://www.communities.gov.uk/publications/planningandbuilding/planningsustainablefuture>

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	No	Yes
Small Firms Impact Test	No	Yes
Legal Aid	No	Yes
Sustainable Development	No	Yes
Carbon Assessment	No	Yes
Other Environment	No	Yes
Health Impact Assessment	No	Yes
Race Equality	No	Yes
Disability Equality	No	Yes
Gender Equality	No	Yes
Human Rights	No	Yes
Rural Proofing	No	Yes

Annexes

Specific Impact Tests

Competition Assessment

We do not envisage this policy having any significant impact on the markets.

Small Firms

It is unlikely that this policy will have a major impact on the business of small firms. Small firm consultation has not been carried out in the options development phase of this policy because it is not aimed at business and is not expected to place any additional costs or burdens on firms.

Legal Aid

There will be no impact on legal aid from this policy.

Sustainable Development

The proposals in the White Paper will positively contribute to the sustainable development principles. The overall purpose of the fund is to empower communities and promote good governance. The aim is to enable organisations to step up their impact, working with local government and other statutory bodies, to empower communities to make a positive difference in their neighbourhood and create a strong, healthy and just society.

Other Environment

The Fund will not have any major impacts on other environmental considerations.

Carbon Assessment

The Fund will not have any major impacts on other environmental considerations.

Health Impact

The proposal will not have a direct impact on health, although there may be beneficial effects on community well-being.

Race, Disability and Gender Impacts (Equality Impact Assessment)

The Empowerment Fund is likely to lead to increased positive impact on all sections of a community including race, disability and gender. The third sector is diverse and the themes contained within the White Paper are aimed at involving everyone and those who are often excluded. (Equality Impact Assessment screen completed.)

Human Rights

There will be no impact on human rights from the adoption of this policy.

Rural Proofing

The Empowerment Fund is a strategic fund, focused on organisations with national reach. The organisations can be based anywhere in England, including rural areas.

Summary: Intervention & Options		
Department /Agency: Communities & Local Government	Title: Impact Assessment of Take Part local pathfinder programme	
Stage: Consultation	Version: Final	Date: July 2008
Related Publications: Take Part Learning Framework; Active Learning for Active Citizenship Evaluation Report (Mayo and Rooke, 2006)		

Available to view or download at:

<http://www.communities.gov.uk>

Contact for enquiries: Helen Marsh

Telephone: 020-7944-6165

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

There is a clear correlation between people who take on ‘civic activist’ (as defined by the Citizenship Survey) roles and having a higher sense of influence over local decisions, and yet few people, particularly in more disadvantaged groups and communities, have the confidence, skills or opportunities to take on such roles. Shortages in supply for some roles are not matched with potential higher supply from those interested in other roles. Support is necessary to build skills and confidence of people who would not normally participate, and to highlight opportunities for participation.

What are the policy objectives and the intended effects?

Information - giving people better access to information about participation opportunities that are available, so that they know where/how to participate

Citizenship learning and leadership training - providing informal and accredited learning opportunities to build knowledge, skills and confidence so that people can participate more and encounter fewer barriers to participation.

What policy options have been considered? Please justify any preferred option.

A) a local pathfinder programme, incorporating programmes of learning (including options for accreditation), support into civic activism and/or lay governance roles, and information about the availability of opportunities for influence and lay governance roles. This would include direct support to innovative leadership programmes. This option has received ministerial approval. Option B) is not to carry out any such pathfinder programme.

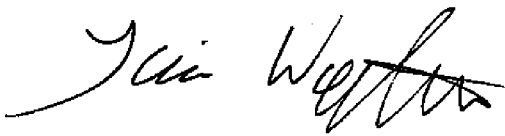
When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

The policy will be reviewed in 2011, during the third year of the programme.

Ministerial Sign-off For consultation stage Impact Assessments:

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

Signed by the responsible Minister:

A handwritten signature in black ink, appearing to read 'Jaci Weir', with a stylized flourish at the end.

Date: 9 July, 2008

Summary: Analysis & Evidence

Policy Option:
A

Description: Take Part local pathfinder programme, providing support into civic activism and/or lay governance roles

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Set-up and running of programme. Main affected groups are local citizens, with third sector organisations potentially involved as a) local delivery agents, and as b) deliverers of innovative leadership programmes. This cost will be covered by a grant, administered through a national delivery agent.
	One-off (Transition)	Yrs	
	£ 1,100,000		
	Average Annual Cost (excluding one-off)		
	£ 2,225,000		Total Cost (PV) £
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'.
	One-off	Yrs	
	£	1	
	Average Annual Benefit (excluding one-off)		
	£		Total Benefit (PV) £
Other key non-monetised benefits by 'main affected groups' Increase in levels of participation in civic activism, community leadership and lay governance roles (eg local Councillors, school governors etc). Increased skills and confidence for participation among citizens, particularly those from more disadvantaged communities. See evidence base for more disadvantaged communities. See evidence base for more detailed description.			

Key Assumptions/Sensitivities/Risks
Local authority buy-in is necessary for the successful delivery of the information element of the programme. However, participation in the programme is purely voluntary and would support the core business of ensuring compliance with the duty to involve/improvement against National Indicator 4 where it forms part of an LAA.

Price Base Year 2008	Time Period Years 3	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?	England			
On what date will the policy be implemented?	January 2009			
Which organisation(s) will enforce the policy?	CDF			
What is the total annual cost of enforcement for these organisations?	£2,225,000			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	N/A			
What is the value of the proposed offsetting measure per year?	£ N/A			
What is the value of changes in greenhouse gas emissions?	£ N/A			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase – Decrease)				
Increase of £	Decrease of £	Net Impact £ N/A		
Key:	Annual costs and benefits: Constant Prices		(Net) Present Value	

Evidence Base (for summary sheets)

Estimates have put the current number of citizens involved in formal governance roles at more than 450,000¹. This represents approximately 1 per cent of the population, but 9 per cent of the population have taken part in some civic activism role in the past 12 months (including sitting on some decision-making group).

After taking the effects of the demographic variables into account, taking part in civic participation is a significant predictor of feeling you can influence local decision making.² People who have been a local councillor, a school governor, a volunteer Special Constable or a Magistrate or a member of a decision making group about local issues or services are 1.7 times more likely to feel they can influence local decisions than those who are not.

But there is significant evidence that those undertaking these roles are not drawn from a representative spectrum of the population. Research into barriers to civic governance found general agreement that more people need to be encouraged into governance roles.³ And shortages in supply for some roles are not matched with potential higher supply from those interested in other roles.

¹ Langlands Commission on Good Governance in Public Services (2004).

² Citizenship Survey Q1&2 (2007).

³ Dalziel et al (2007).

A much larger number of people are involved in wider forms of active citizenship. The range of such activity is helpfully described by Volunteer Centre Southwark in the following way:



There are many routes to active citizenship. However, relatively few people, particularly in more disadvantaged groups and communities, have the skills, knowledge, confidence and opportunities to fulfil their potential in this regard, and there are barriers which can stand in the way.

There is significant evidence to show that active citizens are supported in three distinct ways:

- *Information* Giving people better access to information about opportunities that are available, whether about having a say locally, or getting more involved in some form of volunteering, or taking on a formal governance role. The Active Citizens Hub in Southwark provides one example of how this can be done through the production of local leaflets, use of www.do-it.org and the establishment of local forums and networks.
- *Citizenship learning and leadership training* Providing informal learning opportunities, which start from citizens' expressed needs and enable them to build their knowledge, skills and confidence through action and learning in a community context. The Take Part Learning Framework (www.takepart.org), launched by Baroness Andrews in 2006, provides a comprehensive resource to support the development of adult programmes, alongside a range of other programmes set up to support 'community leaders', 'community champions', and 'social entrepreneurs'. For younger people, citizenship learning in schools and further education has a major role to play, alongside programmes such as Young Advisers, supported by Communities and Local Government, and the

Young Foundation's new Uprising Programme, currently being piloted.

- *Community development* Often the most effective way for people to achieve change in their locality is through collective activity. Community development is a process which enables individuals and groups in communities to define their aims and seek to achieve them. It is carried out by professional community development workers, voluntary workers using similar techniques, and other frontline workers drawing on community development skills to supplement other roles. They boost community activity where it is too sparse; they open doors and pathways between community groups and public agencies; they help community groups to become stronger and to network with each other; and they understand how communities work and are able to explain this to public agencies. In 2006, CDF carried out a review of the state of community development in England, and set out steps to raise its profile and effectiveness in their report, the *Community Development Challenge*. This has been followed in 2008 by illustrative studies of how CD contributes to democratisation, and how it can be managed and evaluated to best strategic effect.

The Take Part local pathfinder programme would provide information, as well as citizenship learning and leadership training. It would be complemented by options taking forward the co-ordination of community development. This programme would build on the experience of the Take Part Network (made up of the delivery agents of the original Take Part pilots – see **Evaluation of Take Part** below), and its existing regional hubs. It would also draw on the experience of other national organisations with particular expertise in this field, including Scarman Novas, the WEA and the Young Foundation. It would identify a number of local authorities willing to work in partnership with community sector and business partners in their areas, to develop local programmes of activity that would include the following components:

- Programmes of learning that build skills and confidence, within a community context
- A community leadership pathfinder programme that offers tailored support into civic activism and/or lay governance roles
- Information about the availability of opportunities for influence and lay governance roles across the public sector in the locality, and support for greater mobility between such roles
- Access to accreditation for citizenship learning and skills development where it is required.

Many of the activities which would be undertaken by the pilots would put into practice at local level our national policy aspirations for increasing lay governance, and therefore provide opportunities to test methods of implementation and accelerate their replication.

The programme in each pilot area would be required to meet defined criteria based on these four components. Beyond that, individual programmes would be developed by the local partners, in response to the circumstances and needs of that area. This would maximise the lessons to be learnt, and provide a range of models to be disseminated to other areas through the national and regional improvement programmes being supported through the National Empowerment Partnership.

In addition, the programme would build on and publicise the existing Take Part learning framework, by drawing on other existing models and materials to extend its scope, by developing new resources and trainers' packs and by advising on its wider use. It would support a campaign aimed at learning providers of all kinds to promote the use of the Take Part learning framework as the basis for an expansion in community leadership and citizenship learning provision. The campaign would be developed in close collaboration with the Department for Innovation, Universities and Skills, in the light of its current review of informal adult learning, and the use of its safeguarded funding for Personal and Community Development Learning. It would also be able to take advantage of DIUS' programme to recruit and deploy 'community learning champions' (£5m allocated for the CSR period), and with City and Guilds' plans to roll out the Individual Profile in Active Citizenship. A national fund would pump prime the most innovative work in developing community leadership through time limited grants to selected programmes.

We propose that the development of the Take Part local development programme would be taken forward in partnership with Community Development Foundation, to ensure integration with Communities and Local Governments other delivery programmes, and with the Take Part Network and other key national organisations with experience in the field of community leadership and active citizenship learning. Local authority partners would be invited from those who have included NI4 (the percentage of people who feel they can influence decisions affecting their locality) amongst their LAA priorities. Funding would be provided to supplement what is available from existing funding streams (for instance from informal adult learning funds, regional empowerment funding and small grants), and to finance action learning from the programme.

Evaluation of Take Part

The Take Part local pathfinder programme was developed in light of evidence gathered through a consultative evaluation process that took place before, during and after the original Take Part pilots, run as Active Learning for Active Citizenship (ALAC) from 2004-2006. The pilots followed an initial scoping study, and an independent evaluation was carried out by the Centre for Urban and Community Research at Goldsmiths College, University of London. There were seven pilots, each operating as a 'hub' in a different English region.

Black Country

This hub was called 'Impact! Women active in community and public life'. It provided learning opportunities for women to explore issues around power, citizenship and leadership. The Impact! Experience began in 1999 as a series of workshops which soon expanded to include a programme of training, practical support and mentoring for women. The first accredited course began in January 2000. It focused on women's own experiences and opinions while setting out to explore local, national and European decision-making structures. Take Part provided further opportunity and resources for IMPACT! to develop.

Greater Manchester

The Greater Manchester hub started with the delivery of an accredited Manchester Metropolitan University module in community auditing with members of community-based groups, to enable them to undertake participatory research or evaluation. This has involved groups such as Groundwork, who hosted a team of volunteers to research the requirements for effective volunteering alongside finding out what volunteers and members of community groups would like from the University. Two other programmes have looked at health-related areas with a view to improving local services. The work was in most cases not carried out with people from specific communities and most of the groups discussing particular issues were mixed.

Lincolnshire, East Midlands

This hub is based in the Lincolnshire Citizenship Network hosted by the University of Lincoln. It works in partnership with a diversity of voluntary sector project managers and with Integration Lincolnshire, local Crime and Disorder Reduction Partnership (CDRP), Local Education Authorities, Boston College and the Church of England. In addition to building citizenship capacity through workshops and seminars and supporting learning related to crime prevention by bringing generations together, the hub has developed expertise in working with migrant agricultural workers, an extremely vulnerable group, with particular barriers arising out of language issues and shift working.

London

The London hub is hosted by London Civic Forum, which was set up in 2000 to facilitate London-wide civic engagement. Together with Birkbeck College, University of London, the hub provided programmes of learning covering:

- skills and knowledge required to engage successfully in the democratic process, through contact both with governance bodies and with networks in civil society;
- communication, influencing and project management;
- overview of London's governance structures; and
- central and local government policy and how this affects the voluntary and community sectors.

South West

The South West hub is led by Exeter Council for Voluntary Service and is run in partnership with local carers' groups, mental health advocacy groups and Devon Learning Disability Team. Its target group is people with learning disabilities and mental health issues, and their carers. Since September 2004, 151 people with learning disabilities have been trained to speak up about their service provision. The learning has primarily taken place through Speaking Up courses for people with learning disabilities and through an associated course for carers. There were 189 learners in total, from Devon and Plymouth.

South Yorkshire

The South Yorkshire hub believes in a learner-centred approach to active citizenship. Initially, this means talking to people to find out what they need to get active, and then supporting them to achieve their goals. A prime example of this is the work the hub has been involved in with members of Sheffield's Somali community who, with the hub's help, have been investigating the reasons for high crime rates and low educational achievement among Somali youth. The Workers' Education Association (WEA) is the lead organisation in this hub.

Tees Valley

The Tees Valley hub is a partnership of various voluntary and community sector organisations, the local Learning and Skills Council and the borough councils of Darlington, Redcar, Hartlepool and Cleveland. The lead partner in this collaboration is SkillShare, a well established community-based training organisation in Hartlepool. One particular area of focus for the partnership has been helping isolated individuals and groups to participate more fully in the community and in local decision-making processes. A prime example is the work the hub has done with carers, helping them to acquire the skills and knowledge

they need to end their isolation and enable them to participate more effectively in the life and development of the local community. In total, 356 people have directly benefited from the work of the hub.

The evaluation of the pilots used a participative approach, involving the ALAC hubs, which were responsible for delivering active citizenship learning programmes in seven locations across England. Through a series of visits, workshops, seminars and conferences the evaluators found that ALAC participants went on to become more active in their communities and in public life more generally, as school governors, local representatives, members of service user forums and as organisers in the community sector.

In addition, they found the following:

Over thirteen hundred learners participated in ALAC programmes.

Of these -

- 286 participants went on to further and higher education
- 292 participants attained accreditation
- 22 participants were on the way to achieving this
- 161 participants significantly improved their employment prospects.

The evaluation report is available at www.takepart.org.

One of the recommendations of the evaluators was that guidance built up through ALAC on developing learning programmes to build skills, confidence and knowledge for adult citizens, should be gathered into a learning framework. This framework (available at www.takepart.org) was published in 2006 and will feature as a basis for developing the Take Part local pathfinder learning programmes, and the national programme to better resource the provision of community leadership and active citizenship learning programmes.

The Take Part learning framework contains a detailed breakdown of the outcomes achieved through the pilots. For instance, the framework describes how, in the Black Country, ALAC participants:

- encouraged others to get involved in groups and forums and have more discussions with friends and family
- became involved in environmental groups, local networks, community newsletters and disability networks
- reported feeling more influential

- provided input for national guidelines, such as the National Institute for Clinical Excellence, and made council meetings more accessible by advising on processes to include deaf people
- became involved in lay governance, including as community representative on a borough council scrutiny committee; as board member or chair of the Women's Enterprise Development Agency; organising an event with a primary care trust – working in partnership to organise an event; becoming a member of a community forum; becoming a school governor, and then vice-chair of the board of school governors; sitting on a school performance management committee; becoming Director of a local community association; being elected as chair of a local environmental group; sitting on a safety partnership board; directing an estate management board; participating in a Community Empowerment Network; taking part in neighbourhood management.

Such outcomes were also reflected in the six other pilot areas, all of which worked with learners who were from communities that are often under-represented in public participation. These outcomes present a sound basis on which to rest the assumption that Take Part learning programmes support increased civic activism, community leadership and take-up of lay governance roles.

Consultation

The consultation process for the Take Part local pathfinder programme has therefore been in operation since the original scoping study for ALAC, and was continued throughout the pilots during the evaluation process. More recent consultation has involved the Take Part National Network, which is made up of the organisations that ran the original Take Part pilots, and who submitted a proposal for Take Part in November 2007. City and Guilds and Proud City, the organisation responsible for developing the City and Guilds Individual Profile in Active Citizenship, have also fed into the development of the Take Part local pathfinder programme.

Key Risks

1) Local government does not give this issue sufficient priority to enable the successful passing on of information on the availability of lay governance roles

Mitigation: involve LGA, IDeA and Network of Empowering Authorities in support for development of programme, through the NI4 Delivery Group

2) Lack of capacity of local stakeholders to deliver

Mitigation: ensure that support for local delivery agents is available as part of the Community Development Foundation's function

Costs

The cost is based on an estimate developed from the costs of the original Take Part pilots (see below). Further consultation will ascertain how the costs need to be allocated at the local level, based on local need. The costs quoted are for grants to cover the activities detailed in option A), and are accounted for in the Community Empowerment Delivery Division's programme budget. Internal admin costs are accounted for separately, in the resources budget.

	Year one	Year two	Year three
Local pathfinders (cost of learning programmes and information about routes into lay governance)	£650,000	£1,300,000	£1,800,000
National co-ordination of accreditation options and promotion of Take Part learning framework	£250,000	£450,000	£450,000
Direct support for innovative leadership programmes	£150,000	£350,000	
Join-up with community development provision	£50,000	£50,000	£50,000
Total	£1,100,000	£2,150,000	£2,300,000

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

Summary: Intervention & Options		
Department /Agency: Communities & Local Government	Title: Impact Assessment of Increasing the Number of Civic Roles Entitled to Time Off work	
Stage: Consultation	Version: Final	Date: July 2008
Related Publications:		

Available to view or download at:

<http://www.communities.gov.uk>

Contact for enquiries: Anna Whitworth

Telephone: 020-7944-2666

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

Across the range of civic roles, evidence suggests that there are common problems filling the positions that exist and that those undertaking these roles are not representative of the population.

If you carry out one of the public duties listed under Section 50 of the Employment Rights Act 1996 you are entitled to reasonable time off work to carry out your role. There is nothing to prevent an employer from making payment for time off for public duties, but there is no obligation for payment to be made.

We want to increase the number of civic roles legally entitled to time off work.

What are the policy objectives and the intended effects?

Estimates have put the current number of citizens involved in formal governance roles at more than 450,000. This represents approximately 1 per cent of the population but 9% of the population have taken part in some civic activism role in the past 12 months (including sitting on some decision-making group).

Our objective is to encourage more and different people to take up lay governance roles by removing barriers to participation - in this case, time available.

It is our intention that by encouraging more active citizenship, it will contribute to reviving civic society and local democracy.

What policy options have been considered? Please justify any preferred option.

1) Make no changes to the list of public duties entitled to reasonable time off work.

This is not the preferred option as it does not recognise wider roles, give a signal of the importance of civic participation or address existing problems.

2) Adding roles to the legislative list entitling individuals to time off from work.

This is our preferred option.

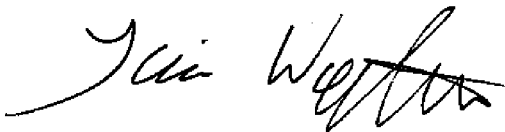
When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

This is a consultation IA. The monitoring and evaluation of this policy will be set out after the consultation period.

Ministerial Sign-off For consultation stage Impact Assessments:

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

Signed by the responsible Minister:



Date: 9 July, 2008

Summary: Analysis & Evidence

Policy Option: 2 **Description:** Adding roles to the legislative list entitling individuals to time off work

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Costs are based on the payment for the time individuals would not be at work plus potential employment tribunal costs. Private sector: £18m pa, Public Sector: £10m pa, Third Sector: 1m pa Costs in "Total cost" box are the present value of costs over 10yrs
	One-off (Transition)	Yrs	
	£ N/A		
	Average Annual Cost (excluding one-off)		
	£ 29m		Total Cost (PV) £250m
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'. Individuals and businesses will benefit from an increase in human capital and personal development in the individual who takes up the role.
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£ 4.5m		Total Benefit (PV) £39m
Other key non-monetised benefits by 'main affected groups' Benefits to employers – skills development, productivity and Corporate Social Responsibility contribution, Benefits to communities – wider representation, wider contribution to public service, Benefits to individuals – value of time.			

Key Assumptions/Sensitivities/Risks
 Headline figures are based on 50% of employers paying employees for taking time off. Benefits assume developmental benefits to the individual and that between 10% to 20% of the posts will be filled by individuals in employment new to the role.

Price Base Year 2008	Time Period Years 10	Net Benefit Range (NPV) £ -67m to -353m	NET BENEFIT (NPV Best estimate) £ -210m
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What is the geographic coverage of the policy/option?				
On what date will the policy be implemented?		National		
Which organisation(s) will enforce the policy?		N/A		
What is the total annual cost of enforcement for these organisations?		£N/A		
Does enforcement comply with Hampton principles?		Yes/No		
Will implementation go beyond minimum EU requirements?		Yes/No		
What is the value of the proposed offsetting measure per year?		£		
What is the value of changes in greenhouse gas emissions?		£		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase – Decrease)				
Increase of £		Decrease of £		Net Impact £ N/A
Key:	Annual costs and benefits: Constant Prices		(Net) Present Value	

Evidence Base (for summary sheets)

This is a **consultation stage impact assessment**. We have held conversations on our proposal with the following organisations: Ministry of Justice, Home Office, the Department for Children, Schools and Families (DCSF), the Department for Business, Enterprise and Regulatory Reform (BERR), the Housing Directorate in Communities and Local Government, the Housing Corporation, the Tenant Participation Advisory Service (TPAS), the National Federation of Tenant Management Organisations, the National Federation of ALMOs, the National Policing Improvement Agency and the Local Government Association.

BERR state that the case for making any changes must be weighed carefully against the additional costs for business, but all other organisations have been supportive of this proposal.

Section 1: Time-off entitlements for public duties – current position and proposed change

If you carry out one of the public duties listed under Section 50 of the Employment Rights Act 1996 you are entitled to time off work to carry out your role. This includes:

- justice of the peace (magistrate)
- member of a local authority
- member of a police authority
- member of any statutory tribunal
- member of a relevant health body
- member of the managing or governing body of an educational establishment
- member of the governing body of a further or higher education corporation
- member of a school council or board in Scotland
- member of the General Teaching Councils for England and Wales

- member of the Environment Agency or the Scottish Environment Protection Agency
- in England and Wales, prison independent monitoring boards, and in Scotland, prison visiting committees
- member of Scottish Water or a Water Customer Consultation Panel.

It requires employers to permit employees 'reasonable time off' to perform the duties associated with them. The amount of time which an employee should be permitted to take off to perform these public duties, is defined as that which is reasonable in all the circumstances, having particular regard to:

- how much time off is required overall to perform the duties and how much time off is required to perform the particular duty in question
- how much time off the employee has already been permitted for this purpose or for trade union duties and/or activities
- the circumstances of the employer's business and the effect of the employee's absence upon it.

While there is nothing to prevent an employer from making payment to an employee for time off for public duties, **there is no obligation for payment to be made.**

An employee who considers that his employer has not agreed to allow him to take time off he is entitled to, may seek a remedy by complaining to an employment tribunal. However, it is in the interest of both employer and employee to try and reach agreement before a tribunal claim is brought.

We want to amend the legislation to **increase the number of roles entitled to time off work.** The roles we propose adding to the list are:

- Members of Boards of Housing Associations
- Board Members of Tenant Management Organisations
- Board Members of ALMOs
- Members of Probation Boards
- Members of Court Boards
- Youth Offender Panel members
- Members of Overview and Scrutiny Committees
- Lay Advisors on Multi-Agency Public Protection Panels

Doing this would signal a strong commitment from Government on the importance of civic participation, value roles more equally and remove a barrier for people to get involved in direct decision-making in their communities.

We **do not** however propose making any changes to the terms of the entitlement stated in existing legislation for example relating to whether this is paid time off or clarifying what 'reasonable' time off means. The Councillors Commission's research with employers and councillors that this would not be favoured because it would be problematic to define what amount of time should be given – different size companies, different types of work and different time requirements for different roles.

More information on each of the roles we propose adding to the list can be found in the table below:

	Status	Role of Members	Membership
Members of Boards of Housing Associations	<p>Registered Social Landlords (RSLs) are independent housing organisations registered with the Housing Corporation under the Housing Act 1996. They may be Industrial and Provident Societies, registered charities or companies.</p> <p>A feature of Housing Associations is that a committee or board of management made up of volunteers has overall responsibility for the work of the organisation.</p>	<ul style="list-style-type: none"> • Management of the Housing Stock. • Compliance with the Housing Corporation Performance Standards and Regulation Guidance. • Review and development of strategies and policies of the Association. • Ensure that the commitments made to tenants are carried out. • Ensure that the annual Business Plan is sufficiently robust enough to satisfy the demands of tenants, funders and to honour the promises made. • Selecting and assessing eg Chief Executive. • Ensure that its equal opportunities obligations are met. 	<p>The majority of board members are aged 55 or above.</p> <p>2% of board members are between the ages of 25-34.</p> <p>The largest single category of board members is retired (35%).</p> <p>Although there is regional variation – members of associations in London tend to be younger than the average while those from the north are more likely to be older.</p>

	Status	Role of Members	Membership
<p>Board Members of Tenant Management Organisations</p>	<p><i>The Housing (Right to Manage) Regulations 1994</i> allow tenants’ or residents’ organisations to set up Tenant Management Organisations (TMOs) and to take on the responsibility for the day-to-day management of their estates.</p> <p>Those resident members of the TMO create an independent legal body and usually elect a tenant led management committee to run the organisation.</p>	<p>A TMO is a means by which council or housing association tenants and leaseholders can collectively take on responsibility for managing the homes they live in.</p> <p>The TMO can then enter into a legal management agreement (contract) with the landlord.</p> <p>The TMO is paid annual management and maintenance allowances in order to carry out the management duties that are delegated to them.</p>	<p>Not known but for housing associations, Tenant Board Members have a higher age profile than board members in general, with 40% aged 65 or over.</p> <p>Tenant Board Members are much less likely to be self employed (7%) or working full time (17%), but more likely to be retired (48%) or permanently sick/disabled (15%).</p> <p>Partly associated with higher age profile of tenant board members as well as the requirement of housing need by which most people access social housing.</p>

	Status	Role of Members	Membership
<p>Board Members of ALMOs</p>	<p>Arms Length Management Organisations (ALMOs) are not for profit companies with a Memorandum and Articles of Association setting out their aims and governance. The LA is the sole shareholder.</p> <p>They are set up by councils with a specific remit to manage and improve local authority (LA) housing stock.</p> <p>The housing stock remains within the ownership of the local authority as does the ALMO itself.</p> <p>ALMOs have a formal management agreement with their council, setting out function responsibilities, and a delivery plan specifies deadlines for key goals.</p>	<p>ALMOs:</p> <ul style="list-style-type: none"> • Act in the capacity of a director under the Companies Act. • Participate in setting, implementing and monitoring the ALMOs aims and values. • Ensure that decisions taken by the Board are in the best interests of the ALMO and that its legal and moral responsibilities are met. • Approve budgets and challenge financial information about the ALMO business to make sure resources are being used wisely. • Monitor the ALMO performance. • Evaluate potential risks in the most effective way. <p>Essentially, the Board will be ensuring the ALMO works as effectively and efficiently as possible.</p>	<p>An ALMO is managed by a Board of Directors. The Board should include tenants, local authority nominees and independent members with relevant experience of social housing, regeneration, social cohesion, finance or other ALMO responsibilities. They may include local business people or other representatives of the community. No one group should be in a majority on the board.</p> <p>Tenants make up at least one third of the Board and more in some cases and, in over a half of ALMOs, tenants are in the Chair.</p>

	Status	Role of Members	Membership
<p>Members of Probation Boards</p>	<p>The National Probation Service is part of the National Offender Management Service (NOMS) and comprises 42 probation areas which are coterminous with police force area boundaries.</p> <p>Areas are funded by NOMS and employ all staff except the Chief Officer; they are accountable to their Boards (comprising up to 15 members appointed by the Secretary of State) for day to day operations and financial management.</p> <p>The work of probation areas is scrutinised by HM Inspectorate of Probation, which reports independently to UK Government Ministers.</p> <p>[Offender Management Act 2007]</p>	<p>The Board along with the Chief Officer are the decision making group which work to best manage the staff and resources of the Probation Area. The Chief Officer is the Chief Executive of the organisation and is also a member of the Probation Board. Probation boards set the strategic direction for probation areas, within the policy and resources framework determined by the Secretary of State.</p> <p>They have a duty to monitor and assess each area’s performance against an annual area plan and budget, derived from national performance measures produced by the National Offender Management Service (part of the Ministry of Justice).</p>	<p>Members have an average age of 60 for men and 59 for women.</p>

Status	Role of Members	Membership	
Members of Probation Boards		Furthermore, each local probation board has a duty to establish a statutory audit committee, responsible for reviewing the financial management and probity of the board	
Members of Court Boards	<p>Sections 4 and 5 and Schedule 1 to the Courts Act 2003 made provision for the establishment of Courts Boards to work in partnership with Her Majesty's Courts Service to achieve effective and efficient administration of the courts.</p> <p>The Courts Boards do not manage or administer the courts themselves, but give advice and make constructive recommendations to foster improvement in the administrative services provided.</p>	<p>The role of the Courts Boards is:</p> <ul style="list-style-type: none"> • To scrutinise, review and make recommendations about the way in which the courts are being run in their area • To consider draft and final business plans. 	There are only 2 members of 97 under the age of 35 with the majority (55) being between the ages of 56 and 65.

	Status	Role of Members	Membership
Youth Offender Panel member	<p>The Youth Justice and Criminal Evidence Act (1999) and the Powers of Criminal Courts (Sentencing) Act (2000) contain the statutory framework for the establishment of youth offender panels.</p> <p>The youth offender panel works with the young offender to establish a programme of behaviour for the young offender to follow. The programme will be guided by the following three principles ('restorative justice'):</p> <ul style="list-style-type: none"> • Making restoration to the victim • Achieving reintegration into the law-abiding community • Taking responsibility for the consequences of offending behaviour 	<p>A Youth Offender Panel consists of two volunteers recruited directly from the local community, alongside one member of the youth offending team (YOT). The panel will meet with the young person and their parents or guardians to talk about the reasons for the offending behaviour and to agree a tailor-made contract aimed at putting things right. The victim is encouraged to attend the meeting to tell the young person how the crime affected them.</p> <p>Youth offender panels give the community a say in creating effective programmes that ensure young people who offend repair the harm done and are given positive help to prevent further offending.</p>	<p>A survey done by the Association of Panel Members on the membership of youth offending panels showed that 25% of the 400 respondents were aged between 20 and 45 whilst nearly 70% were over 45.</p> <p>The missing 5% is accounted for by respondents not completing the relevant section.</p>

Status	Role of Members	Membership
<p>Members of Overview and Scrutiny Committees</p>	<p>The current framework for overview and scrutiny is set out in the Local Government Act 2000 and Local Government and Public Involvement in Health Act 2007.</p>	<p>All principal local authorities operating executive arrangements are required to have at least one overview & scrutiny committee to:</p> <ul style="list-style-type: none"> • Review and scrutinise decisions and actions of the executive or the council and make reports or recommendations to the council or executive; and • Undertake a review and make recommendations on any matter affecting the local authority area or its inhabitants.

	Status	Role of Members	Membership
<p>Lay Advisers on Multi-Agency Public Protection Panels</p>	<p>This is a panel made up of a number of agencies to manage the risk posed by convicted sex offenders, and other individuals who are believed to pose a high risk to the community. It is set up on the back of recent government legislation to improve public safety.</p> <p>The agencies involved regularly include the Police, the Probation Service, Social care, Mental Health Services and Housing Departments. In addition other agencies can be invited to attend as necessary.</p>	<p>There is a requirement to appointment two lay advisors to each of strategic management boards that review the MAPPA.</p> <p>Information is shared and an assessment of an individual's risk is completed so that agencies can manage the individual's risk more effectively. This panel may agree for a limited release of information to the public where it is necessary.</p>	<p>There are currently 64 lay advisers rather than the 84 which are required.</p>

Section 2: The problem – under-representation and multiple roles

Certain groups, including younger people are underrepresented

At present the talent and ability of significant sections of the community is not being fully realised in civic roles. Research into barriers to civic governance has found general agreement that more people need to be encouraged into civic roles. Young people, new mothers and the retired were all seen as under-utilised in the community. But in particular, **young professionals were perceived to be the most difficult to target.**¹

In addition, there is significant evidence that those undertaking these roles are not drawn from a representative spectrum of the population. For example, only around 1,500 councillors (7.8 per cent) out of nearly 20,000 are aged between 18 and 40; and of these only 360 are aged below 30. In addition, only 29 per cent of councillors are women. And only around 4 per cent of councillors are from black and minority ethnic communities, compared with 9.5 per cent of the total population.²

We should not be missing out on this untapped energy, skill and ability if we are to have a more vibrant local democracy.

For the specific roles, we propose adding to the list of public duties entitled to time off work, there is some data to support that younger people are underrepresented. For example we know that **probation board** members have an average age of 60 for men and 59 for women. For **court boards** there are only 2 members of 97 under the age of 35 with the majority (55) being between the ages of 56 and 65. For **board members of housing associations**, the majority are aged 55 or above. And a survey done by the Association of Panel Members on the membership of **youth offending panels** showed that 25 per cent of the 400 respondees were aged between 20 and 45 while nearly 70 per cent were over 45. The missing 5 per cent is accounted for by respondents not completing the relevant section.

There is no specific data available for the other roles but anecdotal evidence suggests that the roles are often filled by older or retired individuals, particularly in housing roles.

¹ Dalziel et al., 2007, p39

² National Census of local authority councillors in England 2006

Those who take part in civic roles often have multiple roles

The tendency for similar groups and individuals to tend to monopolise public participation in governance is explained by academic specialists as follows:

“Our research found that the key factor influencing levels of participation in governance was the existing pattern of linking social capital. Those already well-connected tend to get better connected. We found that relatively few people were involved in governance and the few people involved in one setting tended to be the same few people in another setting – the school governor also sat on the Patient’s Panel as well as being a board member of the regeneration partnership. The research also suggests that the way governance arrangements work makes this problem worse: its origins lay at the level of the system as a whole, not in the bad practices of particular institutions. In particular a number of forces create barriers for entry for those not involved in governance and increase the likelihood that those already involved will become more so.”³

This trend was also recorded in a local survey done by Bradford Vision, we know that the individuals involved in civic roles in their area often had multiple roles – 9 in 10 organisations polled had individuals who were members of more than one board.

Section 3: The barriers to participation

Time

People often say they don’t have enough time to participate. For example, the Helping Out survey (2007) found the main barriers limiting those who would like to volunteer or do more voluntary work related to the perceived time commitment. Among those not volunteering but willing to help in the last year, ‘not enough spare time,’ was by far the most cited barrier (82 per cent). Similarly, 41 per cent of respondents who had previously volunteered, but no longer did so, gave time constraints of home or work life as the reason for stopping. More spare time was felt to be the most significant thing which would make it easier to get involved by 31 per cent of respondents.

These findings are supported by evidence from the Citizenship Survey which also found that time-related barriers were important reasons for not volunteering. Factors such as work commitments (59 per cent), having other things to do during spare time (32%), and having to look after children/home (31 per cent) were more commonly cited than reasons such as having not heard about opportunities to help (15 per cent), having never thought about volunteering (9 per cent), or having an illness or disability (8 per cent).

³ Lowndes, V., Pratchett, L. and Stoker, G. (2001) ‘Trends in Public Participation: Part 2 – Citizens’ Perspectives’, Public Administration, Vol. 79(2), pp.445-55.

Focus group research with active and inactive citizens found people had limited time to get involved, and people felt that any kind of involvement in the community is time consuming and requires a large commitment and tends to put people off. Participants saw governance roles, such as local councillor, school governor and magistrate, as particularly demanding, and many people felt that the intensity of the commitment would rule them out of taking on such a role. To many, these roles were equivalent in time and commitment to a full time job and not accessible or open to the 'average' person. It was also suggested that the commitment required to take on such a role meant a regular, lengthy commitment from which it would be difficult to resign; and that this potential commitment discouraged people from getting involved.⁴

The same is true with becoming and remaining an elected councillor. The time commitment associated with the role and the concomitant impact on employment and caring responsibilities is seen as a significant barrier.

Time barriers may be exacerbated by the fact that the same people often have multiple roles in their community and become overstretched.⁵ The general lack of willingness amongst people to take on governance roles exacerbates this trend for multiple memberships and increases the burden placed on the few.⁶

Support from Employers

In terms of governance roles more generally and specifically for councillors⁷ the perception of governance roles as overly time-consuming highlights the need for employers to be flexible enough to allow time off work.

In respect of councillors particularly, a lack of employer support acts as a major barrier to becoming and remaining a councillor. The view of employers toward their employees' political activity is crucial and holds the potential to significantly influence the experience of public office. However, for the most part employers simply do not know what council work entails. Employers need to be educated about the transferable skills developed by councillors in their civic work and the potential benefits of having a councillor on the payroll. Some councillors and large employers do however believe that, given the low levels of awareness, some employers might need to be reminded of their duties.

In relation to participation as elected councillors the time commitment associated with it and the concomitant impact on employment and caring responsibilities is a significant barrier to both becoming and remaining a councillor.

⁴ Dalziel et al., 2007

⁵ Steel et al., 2006

⁶ CRC, 2007

⁷ Dalziel et al., 2007, & Councillors Commission evidence base

Section 4: Options Considered

Option 1: **Make no changes to the list of legislative roles entitling individuals to time off from work.**

This is not the preferred option as it does not recognise or give equal status to wider roles. Barriers will still exist in preventing people from getting involved in direct decision-making in their communities and we will continue to fail to attract a representative set of people, in particular sufficient younger people of working age, to take on the full range of duties.

Option 2: **Adding roles to the legislative list entitling individuals to time off from work.**

This is our preferred option. Doing this would signal a strong commitment from Government on the importance of civic participation and remove a key barrier for people to get involved in direct decision-making in their communities.

The Costs of the Preferred Option

The additional costs to employers have been calculated based on the number of people undertaking these roles, the time which is required to do them and the mean average wage for full time employees plus their non-wage costs (21 per cent). The average wage figure has been taken from the ONS Monthly Digest of Statistics April 2008 '*Average weekly and hourly earnings of full time employees on adult rates whose pay was unaffected by absence*' and was the average for all industries across the UK in 2007.

The table below sets out these costs and estimates that the total cost would be in the region of **£54m** per year.

Costings Table

ROLE	Numbers	Estimation of time required	Cost per month based on the average weekly gross earnings in 2007 (£549.90 a week or £13.96 an hour) plus non wage costs.	Annual Cost
Members of Boards of Housing Associations	15,000 (Based on 1500 Housing Associations with 10 members per Board)	Approximate 2 days per month	15000 x [2 x 7 x £13.96] = £2,931,600 PLUS NON WAGE COSTS (21%) = £615,636 = £3,547,236	£3,547,236 x 12 = £42,566,832
Board Members of Tenant Management Organisations	2000 – 2500 (Costs based on 2500)	Approximate 10 hours per month	2500 x [10 x £13.96] = £349,000 PLUS NON WAGE COSTS (21%) = £73,290 = £422,290 per month	£422,290 x 12 = £5,067,480
Board Members of ALMOs	350 (Based on 70 ALMOs with 5 board members)	5 days a year	Annual calculation only	350 x [7 hours x £13.96 x 5 days] = £171,010 PLUS NON WAGE COSTS (21%) = £35,912 = £206,922

ROLE	Numbers	Estimation of time required	Cost per month based on the average weekly gross earnings in 2007 (£549.90 a week or £13.96 an hour) plus non wage costs.	Annual Cost
Members of Probation Boards	450 people	Chairs = 5 days per month Board members = 3 days per month (Costs based on Board Members as majority and on assumption that 1 day = 7 hours)	450 x [7 hours x £13.96 x 3 days] = £131,922 PLUS NON WAGE COSTS (21%) = £27,703 = £159,625 per month	£159,625 x 12 = £1,915,507
Members of Court Boards	Less than 100 people (Costs based on 100 people as maximum)	<u>Chairs</u> = 11 days per year <u>Other members</u> = 9 days per year (Costs based on <u>other members</u> as majority as- sumption that 1 day = 7 hours)	Annual calculation only	100 x [7 hours x £13.96 x 9 days] = £87,948 PLUS ON COSTS = £18,469 = £106,417
Youth Of-fender Panel members	4,000 people	5 hours per month	4000 x [5 hours x £13.96] = £279,200 PLUS NON WAGE COSTS (21%) = £58,632 = £337,832	£337,832 x 12 = £4,053,984
Overview and Scrutiny Committee Members	500 people	3 hours per person each month	500 x [3 hours x £13.96] = £20,940 PLUS ON COSTS = £4,397 = £25,337	£25,337 x 12 = £304,048
Lay Advisers on Multi-Agency Public Protection Panels	84 (Based on 2 members per probation area)	8 hours per month	84 x [8 hours x £13.96] = £9,381	£8,488 x 12 = £112,573
TOTAL	22,906 people			£54,446,336

This brings the total cost to £54m. However in terms of how this cost would fall to different employment sectors we can look at the profile of councillors over a 9-year period – if we make an assumption that a similar profile exists for other civic roles we could anticipate that approximately two thirds of the costs (average is 63 per cent) would fall to private sector employers.

Employment sector, England 1997-2006⁸

	1997		2001		2004		2006	
	No.	%	No.	%	No.	%	No.	%
Local Government	1158	10.9	1171	11.5	892	9.0	944	10.6
Central Government	459	4.3	481	4.7	356	3.6	390	4.4
NHS	491	4.6	521	5.1	506	5.1	390	4.4
Other Public Sector	1511	14.3	1125	11.1	1115	11.2	916	10.3
Private Sector	6338	59.8	6232	61.3	6585	66.1	5750	64.7
Voluntary Sector	646	6.1	630	6.2	509	5.1	493	5.5
Base (respondents)	10605	97.8	10162	98.0	9963	99.0	8883	96.4

For housing association board members, a survey done in 2003 (*Taking the lead: Report on a survey of housing association board members – Cairncross & Pearl*) suggests that only **30 per cent of board members are employed within the private sector** so during any consultation, we would aim to get further data like this to build up a more accurate picture of costs.

⁸ Data taken from 'National Census of local authority councillors in England 2006' which can be reviewed at www.lgar.local.gov.uk/lgv/ais/23399

	Total (rounded to the nearest million)	Private Sector* (63%)	Public Sector** (34%)	Voluntary Sector (3%)
Costs to Employers per year	£54m	£34m	£18m	£2m

*In terms of the impact on small business, 58.9 per cent of people who work for private sector enterprises work in micro, small and medium size businesses. If the assumptions above are followed, this could equate to approximately £20m as part of the consultation we will consult with small firms on how the current right to time off affects them and what their views are on this proposal.

The proportion of costs likely to be borne by **local authorities is in the region of 10%. This equates to £5.6m which has been recognised within Communities and Local Government as a pressure. This does not represent a new burden as it does not disproportionately impact on local authorities.

In practice it is highly unlikely that employers would absorb these costs in full:

- A proportion of the time needed to undertake these activities is in the evening or at weekends.
- The legislation requires circumstances of the employer’s business and the effect of the employee’s absence upon it to be taken into account when negotiating the level of time off needed.
- A proportion of people taking time off will be unpaid. BERR have confirmed that there appears to be no data or evidence on what proportion of people who take time off under current legislation take it as paid or unpaid leave. This is something we would need to explore during a consultation period but we would make an assumption that the proportion of people taking time off as unpaid would fall between a range of 25-75 per cent. This would have the following impacts on costs:

	Total (rounded to the nearest million)	Private Sector (63%)	Public Sector (34%)	Voluntary Sector (3%)
Costs to Employers per year	£14m – £41m	£9m – £26m	£5m – £14m	£500k – £1.5m

Based on these assumptions, the costs to private sector employees would therefore be in the region of between £9m (75 per cent of people taking time off as unpaid) and £26m (25 per cent of people taking time off as unpaid) per year.

Employment Tribunal Costs

In addition, there are potential costs which may arise from employment tribunals. BERR do not have any information on how frequently current decisions on time off are challenged but the *average cost to an employer* of an application to an Employment Tribunal - £4,980⁹ – is used as a benchmark figure. The cost to the employer excludes any financial or non-financial costs borne by the employee at this stage. Other sources of dispute resolution, e.g. the ACAS arbitration scheme, may be cheaper for both parties.

For our calculations, we would assume that between 0.5% and 1.5% of individuals would go to an employment tribunal.

Cost per employment tribunal	Estimated number of employment tribunals per year (between 0.5% - 1.5%)	Estimated costs per year
£4,980	115 people – 344 people	£572,700 – £1,713,120

Breaking this down by sector (as done above) gives the following figures

	Total	Private Sector (63%)	Public Sector (34%)	Voluntary Sector (3%)
Costs to Employers per year	£573,000 – £1,713,000	£361,000 - £1,079,000	£195,000 – £582,000	£17,000 – £51,000

This gives a **total cost** of

	Total (rounded to the nearest million)	Private Sector (63%)	Public Sector (34%)	Voluntary Sector (3%)
Costs to Employers per year	£15m – £43m	£9m – £27m	£5m – 15m	£500k – £1.5m

⁹ Source Survey of Employment Tribunal Application 2003

The Benefits of the Preferred Option

The objective of this proposal is to encourage more and different people to take up lay governance roles by removing barriers to participation – in this case, time available. It is our intention that by encouraging more active citizenship, it will contribute to reviving civic society and increasing local democracy.

Whilst social and economic factors play a central role in determining whether someone feels happy or not, research from Switzerland (which has a well-developed system of direct democracy) shows that citizens are happier when there are greater levels of local democracy (Frey and Stutzer, 2000). Two reasons are given for this: firstly, that participatory democracy leads to better decision-making, so that people feel governments' actions more closely match the people's wishes; and secondly, because people value being directly involved in democracy.

Some proponents of community engagement believe that through the creation of social capital it can spark democratic renewal. Robert Putnam has sought to show that community activity (for example, membership of neighbourhood associations, choral societies or sports clubs) is a determining factor in involvement in democracy.

Benefits to Employers

Skills development

Employees can build competencies and develop skills taking part in civic roles which can be used in their jobs and could in some cases be part of ongoing personal development and training. For example, KPMG cite in Business in the Community's 'Supporting Magistrates in Your Workplace – a practical guide' that they believe that magistrates not only help towards improving the safety of local communities, they also develop valuable core business skills which are immediately transferred back into the workplace.

A large amount of further work would be needed to test this hypothesis and gain the exact benefits, but here it would seem that there is a relationship between the value of taking part in a lay governance role and the value of a training course.

Fortunately the market puts a value on a course so below we have used the mean per hour cost of a sample of 15 courses. We will assume that, as the lay governance role is only informal training, it has a small proportion of the value of the actual course. Here we will use the range of 10 to 20 percent. This gives the following benefits of £5.57 to £11.15 per hour. Based on the same number

of hours being taken off as identified in the costs section, this gives a benefit of between £18m and £36m per annum.

At this point, it is worth remembering that only a number these positions will be taken up by new people as a result of the proposed change in legislation. Further to this we propose that the 10 to 20 percent of these roles will be filled by new people, who would otherwise not have taken up these posts. This results in the final benefit being between £1.8m and £7.2m.

The skills developed can be recognised formally and there are a number of **awarding bodies** that have already approved modules which require demonstration of the skills individuals might gain by taking part in lay governance roles, such as participation in meetings and presenting or reporting to committees. Examples include: the *National Open College Network (NOCN)* certificate in volunteering or the *Award Scheme Development and Accreditation Network (ASDAN)* certificate in community learning.

Contribution to Corporate Social Responsibilities

Corporate Social Responsibilities are the voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of wider society. The support of employers in facilitating civic participation is important and those employers who provide a supportive environment for staff who take on civic roles is recognised.

This can in turn make a company more attractive to customers or clients as well as an appealing place to work for current or future employees.

Increased productivity

Entitling employees to time off work to take part in activities they want to do and that may give a sense of personal fulfilment could lead to individuals being happier in their personal circumstances and link with increases in productivity.

A number of employers who responded to the government's consultation on 'extending the scope of the right to request flexible working' stated that through adopting flexible working practices they have improved the productivity of their businesses. This is consistent with the messages that we have previously heard and supports the findings of the DTI's second Work-Life Balance Study which shows that 58.6 per cent of employers believe that flexible working has had a positive impact on productivity, 14.6 per cent reported a negative impact on productivity, 26.8 per cent reported no impact.

Benefits to the Community

Entitling people to take time off work to undertake these additional roles removes a barrier to participation and will allow more people to get involved in direct decision-making in their communities. It gives equal status to these roles and potentially makes them more appealing. This should reduce the number of people doing multiple roles, hence giving a broader contribution.

Also, if the membership of these decision-making bodies becomes more representative, particularly involving young people, it will bring a different perspective and also widen the skill set of those taking part. Skills are not only transferred back into the workplace but also transferred from employment to civic roles.

Benefits to the Individual

These are largely cited in the sections on benefits to the community but focus on skills development and building competencies which have the scope to be recognised through accreditation as well as allowing people some flexibility on the use of their time which may give a sense of personal fulfilment or happiness. There is evidence that when a citizen feels that they can have an influence over local decisions (if they choose), and that their voice will be heard and respected, this can have an influence over their general sense of well-being and even levels of happiness.¹⁰

Section 5: Other interventions

The proposal to increase the numbers of roles entitled to time off is one of a number of proposals included in the Empowerment

1) Improved information for individuals

Research suggests that low awareness about opportunities, knowledge of governance roles and routes into them also presents a barrier for individuals, potentially due to a lack of advertising and promotion of these opportunities.¹¹

We want to ensure that there is consistent information available for individuals about each lay governance role and are keen to present this information about them on a sliding scale of time and commitment required to encourage those considering taking on a role to match this to their availability. In addition we would need to present a description of the potential benefits, so that it was clear that although some roles might require more time, there might be correlating levels of benefit. Presenting citizen governance in this way, allows people to

¹⁰ Inglehart, 2006

¹¹ Dalziel et al (2007)

have freedom to dip in and dip out of different levels of involvement as time and commitment allow, resulting in a more positive experience where people feel they are of use and making a difference. This would also be linked to information about entitlement to time off.

In developing information about each lay governance role in this way, we will need to work with other Government departments to identify where this information could be best accessed both in terms of hard copies, for example CVS centres or libraries and electronically via the Directgov website which already holds comprehensive information about school governors and magistrates.

2) Improved information for employers

In addition to individuals, we suggest that better information will be useful for employers in order to promote the benefits of employees undertaking these roles as well as increasing their knowledge about what is required for each of them. We know that because of a lack of awareness about what being a councillor entails, many companies are failing to recognise the benefits of supporting councillors as part of Corporate Social Responsibility activities, and fail to appreciate the valuable transferable skills that a councillor can take back into the workplace.¹² This is likely to be the case for lay governance roles more widely.

We therefore propose that the Employers Pack being prepared by the IDeA in response to the Councillors Commission report is part of a wider series which includes information about wider lay governance roles in addition to information about councillors.

Community Mark

The support of employers in facilitating civic participation is important and those employers who provide a supportive environment for staff who take on civic roles should be recognised.

The 'Community Mark' run by Business in the Community is a new national standard that publicly recognises companies that are good investors in the community. Any company working in the UK, in any sector, however big or small can apply for the Community Mark. Organisations who achieve it will demonstrate a long-term, high-level commitment to community investment that represents good practice and brings real community impact.

We want the Community Mark to play a role in incentivising businesses to support their employees undertaking civic roles.

¹² John et al. (2007)

We will work with Business in the Community to celebrate best practice through case study publicity and in addition use it as an example of employee volunteering to be incorporated in the Community Mark survey guidance notes. The guidance notes are imbedded within the Community Mark survey itself and cite examples to guide companies in answering the questions appropriately.

Furthermore, examples from guidance notes are discussed in detail in workshops and masterclasses for companies interested in becoming a Community Mark company. Overview of the questions will be provided on the Community Mark website, where also best practice examples will be featured.

Section 6: Implementation, Monitoring and Enforcement

Implementation

There is a mechanism in section 50(10) for the Secretary of State of BERR to make an order to add to the list of roles entitled to time off but an alternative route is to use Communities and Local Government's Community Empowerment, Housing and Economic Regeneration Bill – provisionally scheduled for introduction during the 2008/09 Parliamentary session – to make an amendment to the Employment Rights Act 1996.

Monitoring and Evaluation

We would envisage monitoring the impact of this and our other proposals to encourage more and different people to participate in civic roles through PSA 15 – Addressing the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief. In particular, indicator 3: Participation in public life by women, ethnic minorities, disabled people and young people. However, the precise strategy for monitoring will be worked out after the consultation.

Enforcement

An employee who considers that his employer has not agreed to allow him to take time off he is entitled to, may seek a remedy by complaining to an employment tribunal.

Section 7: Specific Impact Tests

An impact test on the effects specifically on small firms will be carried out as part of the final impact assessment, when we have more information on how firms react to current requests for time off.

Other impact tests have been considered (competition, legal aid, sustainable development, Carbon and other environmental impacts, health, human rights and rural proofing) and we feel that the policy will have no specific impacts in these areas.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

ISBN: 978-1-4098-0235-8

ISBN 978-1409802358



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