

Title: Public Bodies Bill Lead department or agency: Cabinet Office Other departments or agencies: None	Impact Assessment (IA)
	IA No: CO1001
	Date: 01/09/2010
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Primary legislation
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Summary: Intervention and Options

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

The public bodies landscape in the UK is crowded, and in need of rationalisation in order to improve accountability, transparency and the delivery of value for money in public services. As many public bodies were founded in statute, Government intervention to grant enabling powers to Secretaries of State is necessary to make it possible for them to amend, abolish or transfer the functions of public bodies considered in need of reform.

What are the policy objectives and the intended effects?

The Bill is intended to provide the statutory framework (where primary legislation is required) for affecting the changes agreed by the Government through the Public Bodies review process. It will enable the Government to reform the public bodies landscape by providing Secretaries of State with powers to make orders to abolish, merge or transfer the functions of bodies. This will support the Government's intention to reduce the costs associated with the public bodies landscape, and improve the transparency and accountability of bodies.

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

The options considered were:

Not bringing forward a bill and making the necessary statutory changes to the bodies in separate pieces of legislation. It was decided that this would make it difficult to deliver the government's policy intentions and be an unnecessary burden on parliamentary time. Changes would either have to wait until appropriate departmental bills were introduced or wait until time could be found for separate bills.

Bringing forward a single bill to enable the changes to be made in secondary legislation. This is the preferred option because it only requires one piece of primary legislation thereby saving time on the floor of the House. Once the legislation has passed, departments can affect the changes they need, through the less time-consuming process of secondary legislation, as soon as they are ready to do so. The benefits of rationalisation will therefore be realised far more quickly. Using one enabling bill also sets up a coherent framework for change giving strength to the government's reform agenda.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?	It will be reviewed 10/2015
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Not applicable

Ministerial Sign-off For final proposal stage Impact Assessments:

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

Signed by the responsible Minister:  Date: 18/10/10

Summary: Analysis and Evidence

Policy Option 1

Description:

Introduction of legislative framework through Public Bodies Bill.

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A

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

The Bill is an enabling bill which sets up a legislative framework. The bill, and the policy it implements (of enabling Ministers to use secondary legislation for their detailed changes), does not therefore have any attributable costs outside of the cost of taking a bill through parliament. The bill will name public bodies and potential outcomes for those bodies but does not give effect to the changes or any requirement (though it is envisaged that the changes to those bodies will be made through secondary orders, within the next three years). Departments will assess the costs of their individual policy proposals and bring forward necessary Impact Assessments for orders proceeded with.

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

The Bill contains enabling powers only and accordingly has no directly attributable non-monetised costs. It is therefore not possible to provide details of the likely costs of the Bill, as any costs arising from its use relate to orders made under its powers rather than to the Bill itself. When Departments develop statutory instruments to affect changes using the powers, they will produce detailed Impact Assessments including the non-monetised cost of the change they are seeking.

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

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

It is difficult to assess the exact monetised benefits of the Bill. There will however be savings to departments whose reforms have cost savings and for whom another primary legislative vehicle would be hard to find. For example, Ministry of Justice have a number of bodies they are planning to reform which would not have fitted into their other legislative vehicles in the current session with no guarantee of time for primary legislation in the next (details of the impact of their changes attached). Similarly, DEFRA intend to reform a significant number of their public bodies, many of which would require primary legislation. However, they are not scheduled to introduce a Bill in the current session of Parliament meaning that they would either have to introduce their own separate Bill and use up valuable Parliamentary time or delay make the changes which are likely to result in significant improvements to accountability, sustainability and value for money.

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

By centralising the process for reform, it has been possible to assess the necessity for legislative intervention to deliver the programme and address that in the most effective, efficient way. Bringing forward one bill allowing the detailed changes to be made in secondary legislation will save parliamentary time and prove less resource intensive for departments. For smaller bodies, the bill will give certainty to departments that they can proceed with their reforms following Royal Assent and the impetus of the reforms can be retained.

Key assumptions/sensitivities/risks	Discount rate (%)	N/A
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There are no specific risks arising from the Bill though there may be sensitivities about the changes that will be made through orders as a result of the bill. There may also be sensitivities about the Government introducing a bill that allows changes that would otherwise be made in primary legislation, in secondary legislation. However, any risks have been mitigated by introducing the affirmative procedure for the secondary legislation and naming bodies on the face of the bill to reassure Parliament of Government's intentions.

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

Enforcement, Implementation and Wider Impacts

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

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties¹ Statutory Equality Duties Impact Test guidance	No	x
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	x
Small firms Small Firms Impact Test guidance	No	x
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	x
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	x
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	x

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Human rights Human Rights Impact Test guidance	No	x
Justice system Justice Impact Test guidance	No	x
Rural proofing Rural Proofing Impact Test guidance	No	x
Sustainable development Sustainable Development Impact Test guidance	No	x

Evidence Base (for summary sheets) – Notes

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

References

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

No.	Legislation or publication
1	Public Bodies Bill 2010
2	
3	
4	

+ Add another row

Evidence Base

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

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

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

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

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

Evidence Base (for summary sheets)

1. Introduction

There are 910 public bodies in the scope of our review. Collectively they employ around 300,000 people. The public bodies landscape in the UK is crowded, and in need of rationalisation in order to improve accountability, transparency and the delivery of value for money in public services. The Coalition Government has therefore begun a public bodies reform process to restructure this landscape to enable it to deliver public services more efficiently. A feature of this is the Public Bodies Bill.

The Bill is intended to provide the statutory framework (where primary legislation is required) for affecting the changes agreed by the Government through the Public Bodies review process. It will enable the Government to reform the public bodies landscape by providing Secretaries of State with powers to make orders to abolish, merge or transfer the functions of bodies. This will support the Government's intention to reduce the costs associated with the public bodies landscape, and improve the transparency and accountability of bodies.

The options considered were:

Not bringing forward a bill and making the necessary statutory changes to the bodies in separate pieces of legislation. It was decided that this would make it difficult to deliver the government's policy intentions and be an unnecessary burden on parliamentary time. Changes would either have to wait until appropriate departmental bills were introduced or wait until time could be found for separate bills.

Bringing forward the one bill to enable the changes to be made in secondary legislation. This is the preferred option because it only requires one piece of primary legislation thereby saving time on the floor of the House. Once the legislation has passed, departments can affect the changes they need, through the less time-consuming process of secondary legislation, as soon as they are ready to do so. The benefits of rationalisation will therefore be realised far more quickly. Using one enabling bill also sets up a coherent framework for change giving strength to the government's reform agenda.

2. Costs and Benefits

The Bill is an enabling bill which sets up a legislative framework. The bill, and the policy it implements (of enabling Ministers to use secondary legislation for their detailed changes), does not therefore have any attributable costs outside of the cost of taking a bill through parliament. The bill will name public bodies and potential outcomes for those bodies but does not give effect to the changes or any requirement (though it is envisaged that the changes to those bodies will be made through secondary orders, within the next three years). Departments will assess the costs of their individual policy proposals and bring forward necessary Impact Assessments for orders proceeded with.

It is difficult to assess the exact monetised benefits of the Bill. There will however be savings to departments whose reforms have cost savings and for whom another primary legislative vehicle would be hard to find. For example, DEFRA have a number of bodies they are planning to reform but they are not scheduled to introduce legislation in the current session of Parliament. There would also be no guarantee of time for primary legislation in the next session resulting in the risk that reforms to DEFRA bodies are delayed and inconsistent with the rest of the public bodies reform process.

By centralising the process for reform, it has been possible to assess the necessity for legislative intervention to deliver the programme and address that in the most effective, efficient way. Bringing forward one bill allowing the detailed changes to be made in secondary legislation will save parliamentary time and prove less resource intensive for departments. Taking a bill through Parliament takes up to a year and lawyers have estimated that including the detail for all the legislative reforms in primary legislation would run to more than 1000 clauses (the equivalent of 10 bills).

For smaller bodies, the bill will give certainty to departments that they can proceed with their reforms following Royal Assent and the impetus of the reforms can be retained.²

² An example of this is the abolition of the Hearing Aid Council (HAC) which, although it was an expensive regulator per capita, the relatively small scope of its operations made it highly unlikely a Government would dedicate Parliamentary time to a dedicated HAC abolition bill. Instead,

3. Specific Impact Tests

Equality Impact Assessment

As the Bill does not in itself enact change, but instead provides an enabling framework through which Secretaries of State can affect reform, it does not of itself have a direct impact on diversity.

When Departments make use of the legislative framework provided and put forward statutory instruments, they will meet their legal obligation to conduct full Equality Impact Assessments of the changes being made, and mitigate any disproportionate impact highlighted.

Competition Impact Assessment

The Bill has no direct impact on competition. The proposal does not:

- Directly limit the number or range of suppliers (or providers);
- Indirectly limit the number or range of suppliers (or providers);
- Limit the ability of suppliers to compete;
- Limit supplier' incentives to compete vigorously.

When Departments make use of the legislative framework provided by the Bill and put forward statutory instruments, they will complete full Competition Impact Assessments where it is found that proposals are likely to have significant impacts on this area.

Small Firms Impact Assessment

The Bill has no direct impact on small firms. The Bill does not impose additional costs or regulation on small firms.

When Departments make use of the legislative framework provided by the Bill and put forward statutory instruments, they will complete full Small Firms Impact Assessments where it is found that proposals are likely to have significant impacts on this area.

Carbon Emissions and Wider Environmental Impact

The Bill has no direct impact on Carbon Emissions or other, Wider Environmental factors. It does not:

- Lead to a change in the financial costs or environmental and health impacts of waste management;
- Impact significantly on air quality;
- Involve any material change to the appearance of the landscape or townscape;
- Change the degree of water pollution; levels of abstraction of water; exposure to flood risk;
- Disturb or enhance habitat or wildlife
- Affect the number of people exposed to noise or the levels of exposure.

However, there is likely to be a limited positive impact on Carbon Emissions and on the wider environment through a reduction in Parliamentary time and on the resources used by Departments. This will be as a result of the decision to empower Secretaries of State to enact changes to their bodies through a single legislative vehicle, rather than a number of separate departmental Bills.

When Departments make use of the legislative framework provided by the Bill and put forward statutory instruments, they will complete full Carbon Emission and Wider Environmental Impact Assessments where it is found that proposals are likely to have significant impacts on this area.

Health Impact Assessment

The Bill has no direct impact on health and well-being.

a late amendment was agreed to the Health and Social Care Bill 2008. Ultimately, the legislative process that had been expected to last 12 months took three years. Cabinet Office (2009), *Getting More for Less from Public Bodies – 10 Lessons from the Abolition of the Hearing Aid Council*.

When Departments make use of the legislative framework provided by the Bill and put forward statutory instruments, they will complete full Health Impact Assessments where it is found that proposals are likely to have significant impacts on this area.

Justice Impact Assessment

The Bill has no direct impact on the justice system.

When Departments make use of the legislative framework provided by the Bill and put forward statutory instruments, they will complete full Justice Impact Assessments where it is found that proposals are likely to have significant impacts on this area.

Human Rights Impact Assessment

The Bill has no direct impact on human rights.

When Departments make use of the legislative framework provided by the Bill and put forward statutory instruments, they will complete full Human Rights Impact Assessments where it is found that proposals are likely to have significant impacts on this area.

Rural Proofing Impact Assessment

The Bill has no direct impact on rural communities.

When Departments make use of the legislative framework provided by the Bill and put forward statutory instruments, they will complete full Rural Proofing Impact Assessments where it is found that proposals are likely to have significant impacts on this area.

Sustainability Impact Assessment

The Bill has no direct impact on sustainable development. The policy supports the Government's commitment to the five principles of sustainable development:

- Living within environmental limits;
- Ensuring a strong, healthy and just society;
- Achieving a sustainable economy;
- Promoting good governance;
- Using sound science responsibly.

The Public Bodies Bill will give powers to Secretaries of State that will enable them to improve economic sustainability and the quality of governance across the public bodies landscape.

When Departments make use of the legislative framework provided by the Bill and put forward statutory instruments, they will complete full Sustainability Impact Assessments where it is found that proposals are likely to have significant impacts on this area.

Supplementary: Possible impacts of the use of the powers within the Bill.

The enabling powers within the Bill fall broadly into three categories. These are the power for Secretaries of State to abolish bodies all together, merge them or to transfer their functions to another body or to Departments. Whilst the direct impacts of any changes made using these powers will not be known until Departments introduce their statutory instruments, it is possible at this stage to make some generalisations about the possible impacts of the use of these powers.

Costs and Benefits

Impact Assessments generally place a strong emphasis on valuing the costs and benefits in monetary terms (including estimating the value of goods and services that are not traded). At this stage in the process, this is not possible as it will not be known until Departments introduce their statutory instruments. However, there are also important aspects that cannot sensibly be monetised, and these shall also be highlighted below as possible risks that Departments will need to be aware of and mitigate as far as possible when considering the use of the powers contained within the Bill.

The possible costs associated with the use of the powers are largely around the administrative costs of abolishing, merging or transferring the functions of a body. These are likely to involve the administrative

costs associated with formal closures or moves, ongoing estates management costs where leases are not completed and those associated with redundancy payments.

It is expected that there will be extensive monetised benefits from the abolition, merger or transfer of functions for public bodies that are no longer necessary or that are not currently operating at optimal efficiency. Benefits associated will include savings around estates (or sale of estates) and savings of the budgets of bodies which have been abolished. There are also non-monetary benefits. These are focused around the development of a streamlined, more flexible and efficient public bodies landscape through the closure of bodies no longer necessary or good value for money, the merging of bodies with similar functions, and the transfer of some functions back into Departments, where this makes them more accountable.

There are three interlinked strands of cross-cutting issues that are likely to have major impacts associated with the use of the powers enabled by the Bill. These are equality, the affects of possible job losses and regional/rural impacts.

Following a decision to abolish, merge or transfer the functions of a public body, it is possible that some members of staff will lose their jobs. At this time, it is not possible to quantify the costs or savings to the Government of redundancies, as it will be unclear until Departments bring forward their statutory instruments how many staff in what areas will be made redundant. Costs associated with job losses with include redundancy payments and the possible increase in those claiming benefits whilst unemployed. Departments will be able to mitigate some of these costs through redeployment of staff, but it is likely that some redundancies will be necessary. In these cases, Departments will follow employment law and HR policies to ensure fairness and to avoid disputes.

It is possible that job losses may have an adverse impact on diversity. Departments should monitor this closely when preparing their statutory instruments, and should seek to ensure no group is disproportionately affected.

Certain regions are more heavily dependent on public sector employment than others. Public bodies employ approximately 110,000 members of staff across 766 bodies. The use of the powers in the Bill to abolish, merge or transfer the functions of a body will, as outlined above, lead to the closure of some bodies and resulting job losses. The impact of these losses is likely to be felt most strongly in regions that are most dependent on the public sector, and particularly in rural areas where access to services is more limited. When Departments are bringing forward their statutory instruments, they will be able to assess clearly what regions are most likely to be adversely affected by changes and make necessary adjustments to mitigate this as far as possible, such as by moving retained public bodies to affected regions. Where access to services is disrupted by the abolition, merger or transfer of functions, Departments will need to plan for this also in preparing to implement their statutory instruments.

Equality Impact Assessment

See cross-cutting issues section below.

Competition and Small Firms

The use of the powers should not have significant impact on competition or small firms.

It is possible however that the abolition, merging or transferring of functions could lead to loss of revenue for a small number of suppliers providing goods and services to the bodies.

It is also possible that the owners of property leased to the bodies may suffer a loss of revenue if, following the termination of the public body's tenancy, the property is left unoccupied and the landlord is unable to find a new tenant immediately.

Carbon Emissions and Wider Environmental Impact

The use of the powers should not have any significant impact on carbon emission levels or have a wider environmental impact.

It is possible that the reduction in estates and office space resulting from the closure, merger or transfer of bodies could result in a reduction of emissions, but this is likely to be negligible.

Health

The use of the powers should not have any significant impact on the health and well being of the population.

However, it is probable that decisions made on the future of a public body will have an impact on the short term health and well being of the staff involved. This is not likely to cause a major increase in the demand for health and social services, however.

Justice

The use of the powers should not have any significant impact on the justice system.

Human Rights

The use of powers should not have any significant impact on human rights.

Rural Proofing

See cross-cutting issues section below.

Sustainability

The use of the powers should not have any significant impact on sustainability.

Annexes

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

Annex 1: Post Implementation Review (PIR) Plan

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

<p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p> <p>The Public Bodies Bill will be reviewed after it has both achieved Royal Assent and the enabling powers contained within it have been used by Secretaries of State to enact reforms.</p>
<p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p> <p>The objective will be to ensure that the legislation as passed is working to enable the rationalisation of the public bodies landscape.</p>
<p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p> <p>The review will be a light-touch implementation review focusing on what has been implemented, how it was implemented, any difficulties in implementation, and resources used. It will involve examining the statutory instruments brought forward using the enabling powers created by the Bill.</p>
<p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]</p> <p>The change in how reform of public bodies is carried out will be measured against the situation prior to the Bill, whereby individual pieces of legislation or amendments to other legislation were required to make to changes to statutory bodies.</p>
<p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p> <p>The criteria for success for the Bill is a streamlined, effective and accountable public bodies landscape.</p>
<p>Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]</p> <p>-</p>
<p>Reasons for not planning a PIR: [If there is no plan to do a PIR please provide reasons here]</p> <p>-</p>