Communities and Local Government

Localism Bill: devolution package -

Provision of housing and regeneration powers to the Greater London Authority, abolition of the London Development Agency, enabling powers for the Mayor to designate Mayoral Development Corporations

Impact assessment

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Impact assessment

January 2011
Department for Communities and Local Government

This document/publication is also available on our website at www.communities.gov.uk

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Title: Localism Bill: devolution package - **Provision of housing and regeneration powers to the Greater London Authority, Abolition of the London Development Agency, Enabling powers for the Mayor to designate Mayoral Development Corporations**	Impact Assessment (IA)
Lead department or agency: Department for Communities and Local Government	**IA No:** DCLG 0068
Other departments or agencies: Department for Business, Innovation and Skills (BIS) Greater London Authority (GLA) London Development Agency (LDA) Homes and Communities Agency (HCA)	**Date:** January 2011
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Primary legislation
	Contact for enquiries: Andrew Short: 0303 444 4323

Summary: Intervention and Options

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

The Coalition Government believes that the UK has become increasingly centralised over time. The process of centralisation has both undermined local democracy by disempowering elected authorities and fostered the kinds of inefficiencies associated with centralised systems. The Government is therefore committed to the radical devolution of power and greater financial autonomy to local government and community groups. A key element of this shift of power away from central Government and its unelected quangos will be the greater devolution of power to London so that the key challenges affecting the capital can be directly addressed by the city's elected authorities – the Greater London Authority and London boroughs. This devolution package follows the submission of joint proposals by the Mayor and boroughs to the Government for further powers since the election.

What are the policy objectives and the intended effects?

The Government's aim is to facilitate improved accountability and more efficient delivery of strategic housing, regeneration and economic development activities in London. These functions are currently delivered by a complex range of bodies, including the Homes and Communities Agency, London Development Agency and other bespoke area-based vehicles such as the Olympic Park Legacy Company accountable to Ministers.

A simplification of this current institutional architecture of London – so that the Greater London Authority is directly responsible for strategic housing, regeneration and economic development in the capital, with the Mayor having the power to create his own development corporations – will be key to achieving the Government's objectives of greater accountability and better value for money. It will also enable the Mayor to build upon his existing powers to devolve to and empower London's boroughs and neighbourhoods so that together in partnership they are better able to regenerate their own areas of the capital.

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

Option 1: Retain the current institutional framework for London: maintain the London activities of the Homes and Communities Agency and London Development Agency as separate entities, no enabling powers for Mayoral Development Corporations. (Do nothing/baseline option)

Option 2: Streamline and strengthen the current institutional framework: New housing and regeneration powers for the Greater London Authority, abolition of the London Development Agency, limiting the remit of the Homes and Communities Agency to outside London, enabling powers are given to the Mayor to designate development corporations.

Option 2 is the preferred option, as it decentralises power and streamlines London's governance architecture, providing greater efficiencies, increasing accountability to Londoners through their elected Mayor and better enabling London itself to address the capital's housing, regeneration and economic development challenges. Other options, such as creating a new functional body from the London Development Agency and Homes and Communities Agency were rejected early in the policy process, given the Government's focus on streamlining the number of public bodies and driving out inefficiencies.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?	It will not be reviewed
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	No

SELECT SIGNATORY 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: Bob Neill .... Date: January 2011 ....

Summary: Analysis and Evidence

Policy Option 2

Description: London Devolution Package: Provision of housing and regeneration powers to the Greater London Authority, Abolition of the London Development Agency, Enabling powers for the Mayor to designate Mayoral Development Corporations

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
2010	2010	10	**Low:** 2.52	**High:** 6.5	**Best Estimate: 4.51**

COSTS (£m)	**Total Transition** (Constant Price)	Years	**Average Annual** (excl. Transition) (Constant Price)	**Total Cost** (Present Value)
Low		3		
High				
Best Estimate	0.98			**0.98**

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

We estimate that there are transitional costs in the areas of systems and IT integration, of marketing and communications and due to the recruitment of new board members.

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

Non-monetised costs may arise because devolving responsibilities for decision making in respect of housing and regeneration in London may lead to different policies being applied in London but this is dependent on the decisions made by the Mayor and local authorities and there is currently very little evidence which would enable us to make a reasonable prediction. The transitional costs for any transfers needed to establish a Mayoral Development Corporation could only be calculated in light of proposals for a specific development corporation. Specific redundancy and pension costs as a result of the transfers have also not been quantified.

BENEFITS (£m)	**Total Transition** (Constant Price)	Years	**Average Annual** (excl. Transition) (Constant Price)	**Total Benefit** (Present Value)
Low			0.4	**3.45**
High			0.9	**7.43**
Best Estimate	0		0.66	**5.44**

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

The ceasing of Homes and Communities Agency and London Development Agency operations in London, with the Greater London Authority undertaking housing and regeneration investment in the future, is estimated to free up office space and provide savings in back-office spend. The removal of duplications of activities is likely to lead to efficiency savings of wage costs. There is uncertainty but for illustrative purposes we estimate the London Development Agency transfer will lead to additional annual savings in the range of £0.3m to £0.5m (savings in admin/corporate services, no longer need a Chief Executive and Board).

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

- More effective forms of investment in communities through improved intelligence and better understanding of the needs of communities. For example, in respect of housing investment, the Mayor of London currently produces a London Housing Strategy which he is required to consult on. The Homes and Communities Agency currently must have regard to the London housing strategy in delivering housing investment in London. Once the Greater London Authority has powers for housing and regeneration in London, the Mayor will be responsible for delivering the housing strategy which enhances the impact of consultation.
- Clearer lines of accountability and responsibility with the Mayor being democratically accountable to Londoners and held to account by the elected London Assembly.
- Greater strategic management of land assets through bringing the activities of the Homes and Communities Agency and London Development Agency into the Greater London Authority.
- Benefits from alignment of investment through bringing control of housing and regeneration within the Greater London Authority family and exploiting synergies between land, housing, and transport.
- Greater scope for the Greater London Authority to work in partnership with London's boroughs and neighbourhoods to develop innovative local housing and regeneration solutions across London. The Mayor in particular already has the powers to establish decision making boards with boroughs allowing housing decisions to be made jointly.
- Similar operational and running costs savings might arise from establishing an Mayoral Development Corporation and would vary according to the specific proposals
- Where a Mayoral Development Corporation is established, specific focus and consolidation of the public bodies working to deliver regeneration in that area and relevant of their powers (including planning), assets, staff, funding, responsibilities and liabilities, so allowing more co-ordinated, cohesive, efficient and effective arrangements, including for interested investors and developers.
- Benefits may arise because devolving responsibilities may lead to different policies but there is currently very little evidence which would enable us to make a reasonable prediction.

Key assumptions/sensitivities/risks	**Discount rate (**	3.5

For illustrative purposes we assumed a high saving of 30 per cent and a low of 10 per cent of Homes and Communities Agency's expenditure on office accommodation and back-office spend in London as a result of the reform. We also assumed a high end of 5 per cent and at the low end of 2 per cent efficiency saving of the Homes and Communities Agency's wage costs.

Impact on admin burden (AB) (£m):			**Impact on policy cost savings (£m):**	**In scope**
New AB:	**AB savings:**	**Net:**	**Policy cost savings:** n/a	n/a

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	London
From what date will the policy be implemented?	2011
Which organisation(s) will enforce the policy?	n/a
What is the annual change in enforcement cost (£m)?	n/a
Does enforcement comply with Hampton principles?	Yes/No

Does implementation go beyond minimum EU requirements?			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 (per cent) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:**		**Benefits:**
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	**Micro**	**< 20**	**Small**	**Medium**	**Large**
Are any of these organisations exempt?	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

Specific Impact Tests: Checklist

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

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

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	No	13
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	13
Small firms Small Firms Impact Test guidance	No	13
Environmental impacts		
Greenhouse gas assessment	No	13
Wider environmental issues	No	13
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	13
Human rights Human Rights Impact Test guidance	No	13
Justice system Justice Impact Test guidance	No	13
Rural proofing Rural Proofing Impact Test guidance	No	13
Sustainable development Sustainable Development Impact Test guidance	No	13

[1] Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

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	Impact Assessment of Homes & Communities Agency http://www.communities.gov.uk/documents/housing/pdf/HousingandRegBill.pdf
2	Coalition Agreement 2010 http://www.cabinetoffice.gov.uk/media/409088/pfg_coalition.pdf
3	Housing and Regeneration Act 2008, http://www.statutelaw.gov.uk
4	Greater London Authority Spending Review Bid
5	Parliamentary Question 297830.
6	March 2010 Budget http://webarchive.nationalarchives.gov.uk/20100407010852/http:/www.hm-treasury.gov.uk/budget2010.htm
7	London Development Agency Statement of Accounts 2009/10 http://www.lda.gov.uk/publications-and-media/publications/annual-report.aspx

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) in 2010/11 prices – low end

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transition costs	0.5	0.33	0.15							
Annual recurring cost										
Total annual costs	0.5	0.33	0.15							
Transition benefits										
Annual recurring benefits	0.3	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
Total annual benefits	0.3	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43

Annual profile of monetised costs and benefits* - (£m) in 2010/11 prices – high end

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transition costs	0.5	0.33	0.15							
Annual recurring cost										
Total annual costs	0.5	0.33	0.15							

Transition benefits										
Annual recurring benefit	0.5	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Total annual benefits	0.5	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95

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

Microsoft Office
Excel Worksheet

Evidence Base (for summary sheets)

Background

London has unique governance arrangements. At the city-wide level, the Greater London Authority was created as the strategic authority for London in 2000, consisting of a directly-elected executive Mayor of London and an elected 25-member London Assembly with scrutiny powers. The Authority itself currently supports the Mayor, has strategic planning powers, and co-sponsors the Museum of London. It also oversees four pan-London functional bodies – the London Development Agency, Transport for London, Metropolitan Police Authority and London Fire and Emergency Planning Authority.

At the local level, there are 32 boroughs and the City of London which are responsible for local services across London.

There are also a number of public bodies accountable to Ministers operating within London, either at a city wide level or in a specific local area of London. These include:

- The Homes and Communities Agency which has a specific London arm (HCA London). The Agency is the national housing and regeneration agency for England sponsored by DCLG. It was established by the Housing and Regeneration Act 2008 from the Housing Corporation and English Partnerships; and
- The London Thames Gateway Development Corporation, an Urban Development Corporation sponsored by DCLG, which supports the regeneration of key development areas of east London.
- The Olympic Delivery Authority - responsible for developing and building the new venues and infrastructure for the Games
- The Olympic Park Legacy Company, jointly sponsored by the Mayor of London and Ministers, to oversee the transformation of the Olympic Park into a thriving new community.

Rationale for Intervention

The institutional arrangements for strategic housing, regeneration and economic development activities in London are complex, with some activities under the Mayor’s control but many others accountable to Ministers – as outlined above. This had led to duplication, inefficiencies and confused lines of accountability. It has also made it harder for boroughs and local communities to engage on the regeneration of their part of London.

The Coalition Government’s radical devolution of power away from central Government and towards local government and community groups provides an important to reform these institutional arrangements to improve accountability and ensure greater value for money for London. The reform package in the Localism Bill follows the submission of joint proposals by the Mayor and boroughs to the Government for further powers since the election.

These joint proposals included:

- The devolution of the Homes and Communities Agency’s activities in London to the Greater London Authority
- The abolition of the London Development Agency and the folding of its functions into the Greater London Authority
- The creation of an Olympic Legacy Development Corporation accountable to the Mayor.

Policy objective

The Greater London Authority is in a better position than central Government to take account of London's circumstances and priorities through the Mayor being directly accountable to the public and the role of the Assembly to closely scrutinise the Authority's activities on behalf of Londoners. The package of London reforms in the Localism Bill therefore aims to improve accountability and delivery of housing, regeneration and economic development activities in London, by:

- Giving the Greater London Authority new housing and regeneration powers
- Abolishing the London Development Agency and folding its regeneration activities into the Greater London Authority
- Limiting the remit of the Homes and Communities Agency to outside London
- Enabling the Mayor to designate Mayoral Development Corporations accountable to him (rather than relying on Government-controlled bodies) to support those areas of London in particular need of regeneration.

These reforms will mean that there will only be one city-wide public body leading on housing, regeneration and economic development activities across London, providing efficiencies and synergies. The reforms will in particular enable the Mayor – using his existing powers of delegation and joint working – to work in partnership with boroughs and local communities across London in order to respond more effectively to local priorities and needs. They will also give London itself a new important tool (through the enabling powers for Mayoral Development Corporations) to consolidate efforts by the public sector to regenerate particular local areas of the capital.

Description of options considered

Policy options that have been considered are:

- Option 1: Do nothing - Retain the current institutional framework for London: in particular, maintain the London activities of the Homes and Communities Agency and London Development Agency as separate entities, no enabling powers for Mayoral Development Corporations. (Do nothing/baseline option)
- Option 2: Streamline and strengthen the current institutional framework: in particular, from 2012, the Greater London Authority obtaining powers to undertake housing and regeneration investment, the London Development Agency being abolished, the Homes and Communities Agency's remit restricted to outside London and enabling powers given to the Mayor to designate development corporations.

Option 2 is the preferred option, as it decentralises power and streamlines London's governance architecture, increasing accountability to Londoners through their elected Mayor and the scrutiny role of the Assembly; providing greater efficiencies and better enabling London itself to address the capital's housing, regeneration and economic development challenges.

No analysis has also been made in relation to the proposal to give the Mayor an enabling power to designate Mayoral Development Corporations. An impact assessment for each potential corporation will be done by DCLG, in cooperation with the Greater London Authority, for the secondary legislation establishing it. Each Mayoral Development Corporation will have a different cost and benefit profile, depending on its proposed role and the extent to which it is inheriting activities from other bodies. However, it is envisaged that where a corporation is established there will be a consolidation of the public bodies working to deliver regeneration in that area and relevant of their powers (including planning), assets, staff, funding, responsibilities and liabilities, so allowing more co-ordinated, cohesive, efficient and effective arrangements, including for interested investors and developers, and cost savings in comparison to the existing arrangements. There would also be some one-off transitional costs arising from the need to make any necessary transfers. Before creating a Mayoral Development Corporation, the Mayor will be required to consult on the rationale for the corporation including its value for money for tax payers.

Other policy options, such as creating a new functional body from the London Development Agency and Home and Communities Agency were rejected early in the policy process, given the Government's focus on streamlining the number of public bodies and driving out inefficiencies.

In the case of the future of Homes and Communities Agency's activities in London, several different policy options were considered at an early stage:

1) the creation of a new Housing and Regeneration Functional Body (with potential London Development Agency functions)

2) an administrative Housing and Regeneration Unit within the Greater London Authority

3) a statutory London Housing and regeneration Board (modelled to some extent on the London Waste and Recycling Board)

4) a statutory housing and regeneration unit as an executive arm of the Greater London Authority.

However, options with a separate functional body were not considered in detail because the Government's aim is to reduce the number of quangos and drive out inefficiencies. Separate bodies tend to have higher corporate costs because they need to have separate governance arrangements (e.g. chief executive, Board arrangements).

Costs and Benefits

In considering the cost and benefits of the options, we have focused on the potential administrative efficiencies which can be achieved from the streamlining and strengthening London's current governance arrangements at a city-wide level, particularly in relation to the London Development Agency and Home and Communities Agency reforms. The analysis does not attempt to analyse the impact on programme activities (e.g. financial assistance to others) of the reforms – this will be dependent on future funding levels, which is a matter for the spending review.

Option 1: Do nothing

London Development Agency

The London Development Agency currently has an administrative budget of approximately £44m for 2010/11 which covers staff, accommodation and other corporate costs. As the Agency is accountable to the Mayor, it will be for the Mayor to determine the overall administrative cost associated with the transfer of London Development Agency functions within the Greater London Authority's spending review settlement. For the baseline, we have assumed that essentially everything the Agency currently does will stop except the management of the European Regional Development Fund and of existing land assets which the Agency owns but which have not yet been developed and which are likely to generate future income. Existing commitments will also need to continue until they are concluded. We estimate an annual admin budget of £4-£6m for the remaining purposes.

Homes and Communities Agency

The Homes and Communities Agency's London office has an administrative budget of around £6m in 2010/11. This includes total staffing allocation of £4.465m, accommodation costs of

£675k and back office costs of between £650k and £1.05m (depending how they are measured; figures provided by the Agency as at August 2010).

It is probable, however, that significant streamlining of the Homes and Communities Agency will occur anyway and significant reductions are likely to have been undertaken in advance of transfer of the Agency's activities to the Greater London Authority as part of the wider efficiencies of the Agency. We assume that 40 per cent savings are achieved by 2012/13 in the baseline in line with the fall in the London Development Agency's budget. So the assumed 2012 budgets for the Agency's London office are: staffing allocation £2.679m; accommodation costs £0.405m; back office costs of between £0.39m and £0.63m.

The costs and benefits of option 2 are relative to option 1 (counterfactual).

Option 2: Streamline and strengthen the current institutional framework: new housing and regeneration powers for the Greater London Authority, abolition of the London Development Agency, limiting the remit of the Homes and Communities Agency to outside London, enabling powers are given to the Mayor to designate development corporations.

Benefits of limiting Homes and Communities Agency's powers to outside London and granting powers to the Greater London Authority in 2012

We have quantified an annual efficiency savings range from £130k to £445k including:

- Merging Homes and Communities Agency's London office into the Greater London Authority is estimated to free up office space. The Greater London Authority has underutilised office space. There may also be benefits as a result of merging back office and systems. We estimate annual high end savings of £311k relative to the baseline (30 per cent of the baseline 2012 budget) and low end savings of £80k (10 per cent of the baseline) in the areas of office and back office expenditure. These are estimates based on illustrative assumptions of potential duplication of back office activities and rationalising office space.
- The removal of duplications of activities should lead to efficiency savings from bringing together professional teams from Homes and Communities Agency and Greater London Authority. We assume annual high end savings £134k and low end savings of £50k on the wage costs which is 5 per cent and 2 per cent of the Agency's wage cost at transfer time.(including employers' pension and NI contributions).These are estimates based on assumptions of potential duplication of functions between the two bodies. Whilst we have assumed a reduction in wage costs, this is for illustrative purposes only and a full exercise will be taken to determine exactly where, when and how efficiencies can be achieved.

There are also important benefits that we have not quantified:

- More effective forms of investment in communities and greater ability to respond to local priorities through improved intelligence and better understanding of the needs of communities. For example, in respect of housing investment, the Mayor of London currently produces a London Housing Strategy which he is required to consult on. The Homes and Communities Agency must have regard to the London housing strategy in delivering housing investment in London. Once the Greater London Authority has powers for housing and regeneration in London, the Mayor will be responsible for delivering the housing strategy which enhances the impact of consultation with boroughs.
- Clearer lines of accountability and responsibility with the Mayor being democratically accountable.
- Greater strategic management of land assets through bringing the Homes and Communities Agency's activities into the Greater London Authority.

- Benefits from alignment of investment through bringing control of housing and regeneration within the Greater London Authority family and exploiting synergies between land, housing, and transport.
- Greater scope for the Greater London Authority to work in partnership with London's boroughs and neighbourhoods to develop innovative local housing and regeneration solutions across London. The Mayor in particular already has the powers to establish decision making boards with boroughs allowing housing decisions to be made jointly.

The Greater London Authority and Homes and Communities Agency are beginning to undertake detailed work on the administrative savings likely to be achieved from the Authority rather than the Agency undertaking housing and regeneration investment in London and there is no definitive figure yet. However, we have undertaken to calculate initial estimates which will need to be revised once further detailed work has been undertaken. At this stage they serve to illustrate the potential range of efficiencies.

Benefits of transferring London Development Agency's activities to the Greater London Authority from 2011

The GLA is undertaking detailed work on the administrative savings likely to be achieved from the transfer of functions from the London Development Agency to the Greater London Authority. For illustrative purposes an initial estimate of savings suggests between £0.3m to £0.5m per annum from 2011/12 onwards compared to the baseline. These additional savings will come from admin and corporate service savings as functions are merged and there is no longer a need for the Agency's Board and a Chief Executive. The cost of the Board in 2009/10 was £214k[2]. It is likely that the cost of the Board would reduce in the baseline given that the Agency would have been reduced in size significantly anyway.

We conservatively assume that in the baseline the Board would have cost £100k a year. Also in the baseline it is likely that the role of Chief Executive would be a more junior position than previously. Therefore we assume a total saving from no longer needing a Chief Executive of £100k a year. In the baseline we assume around 20 admin/corporate service staff (assumed approx third of total employees at time of transfer) would be needed to support the significantly reduced staff numbers. Applying the current average cost per employee in the London Development Agency [3] gives an admin/corporate cost in the baseline of £1.5m per year. For illustrative purposes we have conservatively assumed that the move to the GLA reduces the admin/corporate service bill by 5 per cent to 20 per cent (£0.08m to £0.3m per year)

Whilst we have assumed a reduction in admin/corporate service costs, this is for illustrative purposes only.

Costs of transferring the activities of the Homes and Communities Agency and London Development Agency to the Greater London Authority

We have quantified costs that are transitional based on taking a proportion of the costs incurred when the Homes and Communities Agency was set up. At this stage these are therefore only estimates and illustrate the potential scale of costs associated with this proposal:

- There will be systems and IT integration costs. When the Homes and Communities Agency was set up there was a one-off cost of approximately £1.2m and £200k for a couple of years after (Source: Agency figures for final breakdown of set up costs). The number of staff involved this time is smaller and GLA has an existing system. We assume that costs can be halved and assume the following tally: £500k, £200k, 100k (2011-13).

[2] London Development Agency Statement of Accounts 2009/10 http://www.lda.gov.uk/publications-and-media/publications/annual-report.aspx
[3] London Development Agency Statement of Accounts 2009/10 http://www.lda.gov.uk/publications-and-media/publications/annual-report.aspx. Calculated by dividing the total salaries and wages 2009/2010 by the number of LDA staff in 2009/10.

- There will be marketing and comms costs set up costs. When for example the Homes and Communities Agency was set up the sum for this was £374k which in today's prices is approx. £400k (Source: Agency figures for final breakdown of set up costs). London's share of the Agency's programme is around 25 per cent so we estimate a proportionate transitional cost of £100k to set this up within the Greater London Authority: £50k in 2012 and another £50k in 2013.
- Recruitment of Board members in 2012 - the size of the Board could be a minimum of 7 and maximum of 11. Recruiting 9 members to the Homes and Communities Agency board cost £82.5k (Source: Parliamentary Question 297830).
- There may be specific redundancy and pension costs as a result of the transfer (e.g. voluntary redundancy), however we are unable to quantify these at this stage.

Risks and assumptions

These reforms form part of an overall devolution package for London. The Greater London Authority will carry out a broadly similar role but it will do so with more local accountability. The Mayor is accountable to the assembly on behalf of the London electorate and has to conduct consultations. The Authority is also in a position to take full account of local priorities and to integrate his housing, regeneration and economic development activities with his responsibility for transport. Devolving responsibility may lead to different policies with different benefits and costs but in keeping with the Government's decentralisation agenda, the Mayor will be responsible for these and accountable for them to the electorate.

Specific Impact Tests

Statuary Equality Duties

A full Equality Impact Assessment was not conducted as it was assessed that the transfer of activities of the Homes and Communities Agency and London Development Agency to the Greater London Authority will not have equality impacts since it is a structural change transferring existing powers from an unelected quango to a democratically accountable body. In respect of specific housing policies, these will be determined by the Mayor but will be published in the Mayor's housing strategy following public consultation - which is itself subject to an Equalities Impact Assessment.

Economic Impacts

Competition Impacts

The transfer of the activities of the Homes and Communities Agency and London Development Agency to the Greater London Authority or the enabling powers for Mayoral Development Corporations is not expected to impact on competition. It is not expected to either directly or indirectly limit the number or range of suppliers, limit the ability of suppliers to compete, or reduce suppliers' ability to compete vigorously.

Small Firms Impacts

We do not believe the transfer of activities of the Homes and Communities Agency and London Development Agency to the Greater London Authority will significantly impact on small firms working within the capital as the Authority will carry out a broadly similar roles but it will do so with more local accountability and by taking better account of local preferences.

Environmental Impacts

Green House Gas Assessment

These reforms should not in themselves change the emission of greenhouses gases unless a reduction in the office space used leads to a small reduction in emissions.

Wider Environmental Impacts

The reforms are not expected to have wider environmental impacts in themselves. The Greater London Authority will carry out broadly similar roles as the Homes and Communities Agency and the London Development Agency but it will do so with more local accountability and by taking better account of local preferences.

Social Impacts (Health and Wellbeing Impacts**,** Human Rights**,** Justice System**,** Rural Proofing)

The reforms are not expected to have significant social impacts in themselves, as they concern a transfer of functions and powers.

Sustainable Development

The reforms are not expected to impact significantly on sustainable development.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan (PIR) 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 Post Implementation Review should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];
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?]
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]
Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]
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]
Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]
Reasons for not planning a PIR: [If there is no plan to do a PIR please provide reasons here] There will be no PIR as this is a structural change transferring existing powers and will not impose an annual cost of more than £5m on the public sector.