

Title: Localism Act – Neighbourhood Plans and Community Right to Build Neighbourhood Planning (Referendum) (Amendment) Regulations 2012 IA No: DCLG Lead department or agency: Department for Communities and Local Government	Impact Assessment (IA)					
	Date: 19/02/13					
	Stage: Validation					
	Source of intervention: Domestic					
	Type of measure: Secondary legislation					
Contact for enquiries: Tim Hayward tim.hayward@communities.gsi.gov.uk						

Summary: Intervention and Options	RPC Opinion:
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Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, One-Out?	Measure qualifies as
£690m	£141m	-£14m	Yes	Zero Net Cost

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

The Localism Act 2011 places a duty on local authorities to hold a referendum where a neighbourhood plan or order or a Community Right to Build Order has a successful examination and the local planning authority is satisfied that it meets the basic conditions set out in the legislation.

In areas designated as business areas the Localism Act requires an additional referendum to be held of non domestic rate-payers in the referendum area. The referendums enable residents and non domestic rate-payers in designated business areas to vote on whether the neighbourhood plan or neighbourhood development order should come into force.

This measure will create the legal framework to enable businesses to vote in referendums into the making of Neighbourhood Plans or Development Orders in designated business neighbourhoods. The Neighbourhood Planning (Referendums) (Amendment) Regulations 2012 will set out the conduct rules for running the referendums to be followed by the relevant councils and their associated election officials. This measure is necessary because the August Regulations did not provide for referendums on a Neighbourhood Plan or Order in a designated business area. We are bringing forward amendments to the Neighbourhood Planning (Referendum) Regulations 2012 that will make provision for an additional referendum to be held in a designated business area in which non domestic rate payers will be able to vote if they choose to do so.

What are the policy objectives and the intended effects?

The intended effect of the measure will be to allow businesses to take a positive role in neighbourhood planning where their interests are affected; for example, large industrial estates and urban centres. The measure will allow businesses to vote in referendums as to whether to implement neighbourhood plans or development orders. As neighbourhood plans and development orders can have a large impact on the local business environment, the measure will allow businesses a larger role in the decision making process on issues that affect them. However, plans that are “anti business” are unlikely to be put to a referendum. Neighbourhood plans and orders must be in general conformity with the strategic policies of the Local Plan and should not promote less development than set out in the Local Plan or undermine its strategic policies.

The regulations are consistent with the established principle that the Government gives people the opportunity—the right—to vote, but we do not compel them to do so. Voting in these referendums is entirely optional. As such, we are taking it as a reasonable assumption that businesses will only vote when they deem it beneficial for them to do so.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Options were considered during the passage of the Localism Bill and the policy position has now been agreed by Parliament with the passage of the Localism Act. Primary legislation requires a referendum where a neighbourhood plan or order or a Community Right to Build Order has a successful examination and they are satisfied that it meets the basic conditions set out in the legislation. In areas designated as business areas the Localism Act requires an additional referendum to be held of non domestic ratepayers in the referendum area and the amended regulations set out, for example, how businesses register to vote and how they actually cast their vote. The Regulations will follow existing practice and are consistent with wider electoral policy and legislation to ensure that robust, fair, open and consistent arrangements are put in place for neighbourhood planning referendums.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 5 years					
Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes

What is the CO₂ equivalent change in greenhouse gas emissions?
(Million tonnes CO₂ equivalent)

Traded:

Non-traded:

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) that the benefits justify the costs.

Signed by the responsible Minister:

Nick Boles

Date:

5th April 2013

Summary: Analysis & Evidence

Description: Statutory weight is given to Neighbourhood Plans that are in general conformity with the strategic policies of the development plan for the local area, and have appropriate regard to national policy.

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 11	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate:

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

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

The policy underpinning the neighbourhood planning system has already been collectively considered and agreed by Ministers. A fit for purpose Impact Assessment was prepared in May and published to accompany the Neighbourhood planning (Referendum) Regulations 2012. This considered the administrative burden and policy cost savings to business, based on estimates of the administrative process of neighbourhood planning. The impact assessment signed in May and published in June identified the benefits and costs of neighbourhood planning, including the requirement to hold a referendum. Any costs relating to neighbourhood planning referendums have already been set out in the June 2012 Impact Assessment.

The administrative burden and policy cost to business and others are set out in the published Impact Assessment (June 2012) and are based on estimates of the administrative process of Neighbourhood Plans, including the cost of referendums. The published Impact Assessment, validated as fit for purpose by the RPC, (June 2012) put the equivalent annual net cost to business at minus £14m. Neighbourhood planning is a new right and costs at this stage are purely illustrative. It is only possible to make an accurate assessment in light of experience.

The specific regulatory measure to which this validation IA relates introduces no further costs. Any costs relating to referendums have already been set out in the June 2012 Impact Assessment.

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

There are no non-monetised costs – the amendments allow for an entirely voluntary process.

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

The policy cost benefits and savings, including those to business are set out in the published Impact Assessment (June 2012) and are based on estimates of the administrative process of Neighbourhood Plans, including the cost of referendums. The published Impact Assessment (June 2012) put the equivalent annual net cost to business at minus £14m. This amendment will not change any of these benefits or costs as it simply allows businesses to vote in referendums, should they wish to do so. Neighbourhood planning is a new right and costs at this stage are purely illustrative. It is only possible to make an accurate assessment in light of experience.

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

The intended effect the measure will be to allow non domestic rate payers to take a positive role in neighbourhood planning where their interests are affected, for example, large industrial estates and urban centres. The measure will allow businesses to vote in referendums as to whether to implement neighbourhood plans or development orders. As neighbourhood plans and development orders can have an impact on the local business environment, the measure will allow businesses a larger role in the decision making process on issues that affect them. The perceived benefits from this will obviously differ from case to case and are impossible to monetise.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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- The Regulations will follow existing practice and are consistent with wider electoral policy and legislation to ensure that robust, fair, open and consistent arrangements are put in place for neighbourhood planning referendums.
- Businesses will have the option of voting in person or voting by post, depending on which method works best for them. They will need to nominate an individual to vote on their behalf
- Businesses will have the opportunity—the right—to vote, but will not be compelled to do so, therefore businesses will only vote when they deem it beneficial to them. If businesses decide that the costs of voting outweigh the benefits, they are free to decide not to vote.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits:	Net:	Yes	Zero Net Cost

Evidence Base (for summary sheets)

References

No	Legislation or publication
1	Localism Act http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted/data.htm
2	Impact Assessment: Localism Act – Neighbourhood Plans and Community Right to Build http://www.legislation.gov.uk/uksi/2012/2031/impacts
3	Neighbourhood Planning (Referendum) Regulations 2012 http://www.legislation.gov.uk/uksi/2012/2031/contents/made

Annex 1: Post Implementation Review (PIR) Plan

Basis of the review:

There is a commitment to review and understand the impacts, outputs and value for money of neighbourhood development plans, neighbourhood development orders and Community Right to Build. We are proposing that this policy is reviewed to monitor if and how it is being implemented at the local level. The policy will be reviewed in a proportionate way to map the associated impacts arising from the policy's remit. This is required for public and parliamentary accountability purposes. We are proposing that the review is undertaken between 3 and 5 years after Royal Assent has been awarded.

Review objective:

- To check at which spatial scale neighbourhood planning is being taken up across Local Authority areas.
- To consider the impact of this policy for increasing local support for planning decisions and streamlining the planning process.
- To check that Neighbourhood Plans contain proposals for housing growth (in terms of the number of housing units) and economic development growth (in terms of new floorspace) at a greater scale than contained in the local development plan.
- To monitor that the proposals for housing growth contained in Neighbourhood Plans over and above those contained in the local development plan have been implemented.
- To understand the wider impacts of implementing this policy for local accountability and local participation in local planning decisions.
- To capture evidence to demonstrate the value for money of this policy option, over the status quo.

Review approach and rationale:

Analysis of a representative sample of Neighbourhood Plans that have been made by local planning authorities. Analysis of the housing and economic development growth envisaged in the respective local development plans.

This will be carried out via engaging with key partners, such as applicants, local residents, local authorities and proponents of plans by asking questions, for example, to applicants regarding the extent to which neighbourhood development plans ease development, being straightforward or more complicated and provide certainty. Analysis of DCLG statistics will also be carried out.

Baseline:

The baseline position will be the level of housing growth and economic development growth contained in local development plan at the introduction of the policy and in the following period. The baseline position has therefore not yet been established. DCLG will be responsible for analysing the data.

Success criteria:

- The increase in housing supply in areas that take-up Neighbourhood Plans, neighbourhood development orders and Community Right to Build.
- The increase in community engagement and involvement in planning and development.

- Other measures of success include the extent to which opposition to new development is reduced.

Monitoring information arrangements

We shall instigate a survey of a representative sample of Neighbourhood Plans and local development plans by approaching a variety of sources including local planning authorities and the Planning Inspectorate. This exercise will capture a range of geographical areas for comparative purposes. We shall also maintain an informal ongoing record of Neighbourhood Plans and orders. We will consider how we may be able to instigate a mechanism to allow systematic collection of monitoring information for the review. The wider impacts on local participation (including any behavioural change by communities) and perceptions of local accountability will be picked up from the overarching PIR for planning.

Reasons for not planning a PIR: N/A