



Department for  
Communities and  
Local Government

# Local Government Transparency Code 2014

Impact Assessment: Enactment Stage

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October 2014

ISBN: 978-1-4098-4343-6

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<b>Title:</b> Local Government Transparency Code 2014 <b>Impact Assessment No:</b> DCLG\2014_1  <b>Lead department or agency:</b> Department for Communities and Local Government <b>Other departments or agencies:</b>	Impact		
	Date: 03/10/2014		
	Stage: Enactment		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: Tom Mouland transparencycode@communities.gsi.gov.uk			
Summary: Intervention and Options Regulatory Policy Committee Opinion: Not Applicable			

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, Two-Out? Measure qualifies as
£m	£m	£m	No   NA

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

The Code of Recommended Practice for Local Authorities on Data Transparency was issued in 2011 to meet the Government's desire to place more power into citizens' hands, increase democratic accountability and make it easier for local people to contribute to the local decision making process to help shape public services. However, publication of the datasets in the Code is inconsistent. Though all councils have published spend over £500, the National Audit Office found that only four per cent of authorities published data on land and buildings assets and even where published 'many of the releases do not include all of the information set out in the Code'. Mandating core elements of the code is designed to overcome the barriers to publication, and could bring wider benefits to local authorities.

**What are the policy objectives and the intended effects?**

The policy objectives of the Code are to:

- Promote democratic accountability.
- Support service transformation and cost savings, by providing the information for local people and groups to participate in local decisions about how services are delivered; and
- Support growth and open up markets for small and medium enterprises and voluntary, community and social enterprise organisations by unlocking data on local authority assets and procurement.

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

Option 0: Do nothing. Maintain status of the Transparency Code as recommended practice.  
 Option 1: Make some elements of the Transparency Code consulted on in 2012 mandatory, but retain recommended practice status for other elements (see Annex A for details).  
 Option 2: Make all elements of the Transparency Code consulted on in 2012 mandatory.

Option 1 is preferred. This is considered to best balance meeting the policy objectives while remaining cost effective and achievable for authorities to deliver.

<b>Will the policy be reviewed? It will not be reviewed. If applicable, set review date: Month/Year</b>					
Does implementation go beyond minimum European Union requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro No	< 20 No	Small No	Medium No
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)				Traded: N/A	Non-traded: N/A

*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:** Kris Hopkins **Date:** 03/10/2014

# Summary: Analysis & Evidence Policy Option 1

**Description:**

**FULL ECONOMIC ASSESSMENT**

Price Base Year 2013	Present Value Base Year 2014	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	1.1	2.2	19.3

**Description and scale of key monetised costs by ‘main affected groups’**

- (i) Local authorities - administrative costs to set up publication of mandatory datasets (£1.1m)
- (ii) Local authorities - additional ongoing administrative costs to prepare and publish mandatory datasets (£2.2m per year)

**Other key non-monetised costs by ‘main affected groups’**

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	Not monetised	Not monetised	Not monetised

**Description and scale of key monetised benefits by ‘main affected groups’**

**Other key non-monetised benefits by ‘main affected groups’**

- (i) Local people - improved democratic accountability by reducing the asymmetry of information between authorities and the local people. Potential for greater engagement with communities.
- (ii) Wider economy - benefits from direct commercial use of data as well as enabling growth in small and medium enterprises and voluntary, community and social enterprise sector organisations to compete for contracts.
- (iii) Local authorities - savings from more efficient public services, use of public sector land and buildings and more effective spending through improved use of management information and supplier competition.

Key assumptions/sensitivities/risks Discount rate (%) 3.5%

Key Assumptions: (i) authorities hold a minimum level of data, based on current practice and existing regulation, (ii) counterfactual level of publication remains constant over time.

Key Sensitivities: (i) central estimate of cost to publish each dataset, high and low scenarios are presented in section 8, (ii) staff costs to publish each dataset.

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**BUSINESS ASSESSMENT (Option 1)**

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs:	Benefits:	Net:	No	NA

# 1. Problem under consideration

## Background

- 1.1. The Coalition Programme for Government committed to '*extend transparency to every area of public life*' to '*throw open the doors of public bodies, to enable the public to hold politicians and public bodies to account*'.
- 1.2. The Code of Recommended Practice for Local Authorities on Data Transparency ('the Code') was published in September 2011. The Code was issued to meet the Government's desire to extend transparency and to place more power into citizens' hands, increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services.
- 1.3. The Code set out the key principles for local authorities to improve transparency through the publication of public data. Included in the 2011 Code was a list of data sets authorities were recommended to release as a minimum.

**Table 1. Datasets recommended by the 2011 Code as a minimum**

Expenditure over £500 (including costs, supplier and transaction information).
Senior employee salaries, names, job descriptions, responsibilities, budgets and numbers of staff.
An organisational chart of the staff structure of the local authority including salary bands and details of currently vacant posts.
The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce.
Councillor allowances and expenses.
Copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector.
Grants to the voluntary community and social enterprise sector should be clearly itemised and listed.
Policies, performance, external audits and key inspections and key indicators on the authorities' fiscal and financial position.
The location of public land and building assets and key attribute information that is normally recorded on asset registers
Data of democratic running of the local authority including the constitution, election results, committee minutes, decision - making processes and records of decisions.

- 1.4. When the Code was published, Ministers committed to reviewing its content and scope within 18 months. During this period, there was evidence that publication of the minimum datasets specified in the Code was inconsistent. The Department for Communities and Local Government ran a consultation from October-December 2012 on updating the Code and making some elements mandatory through regulations. Views were received from 219 respondents, with around 70 per cent of these from the Local Government sector.

- 1.5. The Government published its response to this consultation in December 2013 and ran a further consultation between December 2013 and January 2014 on a draft revised Code for local transparency which was included in the Government response. This was to ensure that the Code properly gave effect to the policy set out in the previous Government response and that the obligations, definitions and timings contained in the draft were clear and understood by those to whom the Code would apply.
- 1.6. In May 2014 the *Local Government Transparency Code 2014* was published, replacing the 2011 Code and set out the datasets government intends to make mandatory.
- 1.7. The government is now reissuing the Code having decided to move three datasets from the recommended section of the Code (Part 3) to the mandatory section (Part 2). This enactment stage impact assessment updates the final impact assessment published 3 July 2014, by adding in the impact of making these three additional datasets mandatory.

## Problem

### *Inconsistent publication of datasets in current code*

- 1.8. Adherence to the Code by authorities had been inconsistent. In 2012, a Local Government Association survey<sup>1</sup> found that, at the time, all councils were publishing spending over £500. However, the National Audit Office Implementing Transparency review, published in 2012<sup>2</sup>, found that of the 202 local authorities sampled only four per cent published information on land and building assets.

**Table 2. Proportion of local authorities publishing data set out in the Code**

<b>Dataset</b>	<b>Percentage of sampled authorities that publish item (source: National Audit Office)</b>
Asset register	4%
Organisational charts	65%
Contracts (some information)	71%
Senior pay	88%
Tenders	88%
Committee minutes	95%
Election results	96%
Constitution	98%

<sup>1</sup>"Local Government Transparency Survey 2012", Local Government Association, December 2012  
[http://www.local.gov.uk/documents/10180/11541/Local\\_Government\\_Transparency\\_Survey\\_2012.pdf/dd4c24ed-20ba-4feb-b6eb-fea21e4af049](http://www.local.gov.uk/documents/10180/11541/Local_Government_Transparency_Survey_2012.pdf/dd4c24ed-20ba-4feb-b6eb-fea21e4af049)

<sup>2</sup>Cross-government review: Implementing transparency, April 2012  
<http://www.nao.org.uk/wp-content/uploads/2012/04/10121833.pdf>

Payments over £500	100%
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1.9. In addition the Local Government Association Transparency Survey found that of the 113 respondents:

- Only 52 per cent said they published copies of contracts and tenders in line with the recommended Code, and
- Only 54 per cent published grants to the voluntary, community and social enterprise sector.

1.10. Both surveys showed that while some datasets were widely published, there were key areas where local people did not have access to this information.

1.11. As well as the inconsistency around which datasets are published, the National Audit Office review reported variation in the quality of published outputs: *'even for datasets where information is published, many of the releases do not include all of the information set out in the Code'*.

1.12. While authorities have been moving in the right direction, publication of some key datasets has not improved significantly since the National Audit Office review. A five per cent sample of authorities conducted by the Department for Communities and Local Government in 2013 found only six per cent of authorities sampled published data on land and building assets.

#### *Barriers to publication*

1.13. Government intervention is designed to tackle the barriers to publication. The Local Government Association Transparency Survey identified the main barriers to publishing open data as:

- Lack of resources to prepare and publish data (69 per cent of respondents)
- Data protection (32 per cent), and
- Organisational/cultural (30 per cent).

1.14. Mandating key datasets and providing clear guidance is designed to address concerns about data protection and cultural barriers by making publication of this data the new cultural norm for authorities. It will also enable new burdens funding to directly address the lack of resources by giving authorities resources to prepare and publish this data.



## 2. Rationale for intervention

2.1. The fundamental rationale for intervening in the publication of local authority data is to **reduce the information asymmetry between authorities and local people**, and to unlock the value of public sector information which risks be undervalued and therefore **under provided** by data holders.

### *Reducing information asymmetry*

2.2. The first reason for intervention is to address the inherent information asymmetry between citizens and government<sup>3</sup>, which acts on their behalf. To help effective engagement and democratic accountability, local government can provide voters with information (either directly or via intermediaries) such as:

- what services are provided on their behalf by government
- how they are provided and who the beneficiaries are
- how much the services cost
- the outcomes of these services.

2.3. Without this information, which authorities hold, it is difficult for local people to either effectively hold local authorities to account, or engage about what services they would like provided and how they would like them delivered.

2.4. Transparency is designed to reduce the information asymmetry between local people and government by increasing the information made available<sup>4</sup> to local people.

### *Preventing under-provision of public sector information*

2.5. The second reason for intervention is to prevent the under-provision of public sector information due to systematic undervaluation and public good properties.

2.6. Deloitte analysis for the Shakespeare Review<sup>5</sup> identified that a key barrier to publishing public sector information stemmed from a lack of knowledge and information for data holders and data users in understanding the benefits of the data – as *'by not being able to accurately ascribe value to different datasets, [Public Sector Information Holders] are generally unable to reach evidence-based decisions as to which datasets to publish, how to publish them and what support to provide'*.

2.7. Without information on the direct and indirect benefits to their data local authorities are less likely to make decisions to publish data based on the perception of there being relatively few direct benefits.

2.8. Public sector information can also be considered as having the characteristics of a public good. Public sector information is non-rival – the cost of providing it to an additional user is zero, and in some cases it is non-excludable once available under open use or re-use licences. Therefore a market solution to providing public sector information may be inefficient if users are reluctant to pay for data that others will also benefit from.

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<sup>3</sup> Joseph E. Stiglitz, Information and the Change Paradigm in Economics. (2001),

[http://www.nobelprize.org/nobel\\_prizes/economic-sciences/laureates/2001/stiglitz-lecture.pdf](http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/2001/stiglitz-lecture.pdf)

<sup>4</sup> Brito and Perrault, *Transparency and Performance in Government*, Working Paper (2009)

<sup>5</sup> Market Assessment of Public Sector Information, May 2013,

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/198905/bis-13-743-market-assessment-of-public-sector-information.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/198905/bis-13-743-market-assessment-of-public-sector-information.pdf)

2.9. Government intervention in the publication of data is designed to alleviate the problem of under-provision by requiring the most valuable datasets are published to unlock the wider social value of public sector information.

### 3. Policy objective

3.1. The key objectives for a revised Code are to:

- Promote democratic accountability
- Support service transformation, by providing the information for local people and groups to participate in local decisions about how services are delivered, and
- Support growth by unlocking data on local authority assets and procurement to open up markets for small and medium enterprises and voluntary, community and social enterprise organisations.

### 4. Description of options considered (including do nothing)

4.1. The following section briefly outlines the options considered.

#### **Option 0: Do nothing, maintain status of the Transparency Code as recommended practice**

4.2. This option would retain the Transparency Code in its recommended form. The Code would continue to recommend that local authorities publish a minimum level of datasets and follow best practice guidelines outlined in the Code, but there would be no requirement to do so.

#### **Option 1: Make some elements of the Transparency Code consulted on in 2012 mandatory, but retain recommended status for other elements**

4.3. This option would revise the Code to require local authorities to publish the key data sets outlined in the 2013 consultation response but other datasets would remain recommended. These items are set out in Annex A.

#### **Option 2: Make all elements of the Transparency Code mandatory**

4.4. This option would revise the Code to require local authorities to publish all data sets outlined in the 2012 consultation. This was not recommended in the 2013 consultation response because of responses from authorities which highlighted the high cost and practicality of publishing these datasets.

4.5. Option 1 is preferred. This is considered to best balance meeting the policy objectives while remaining cost effective and achievable for authorities to deliver.

## 5. Identification exercise

5.1. This section identifies the potential impacts of options 1 and 2, which are explored fully in section 6. Option 0, to maintain the Code as recommended practice, has no additional impact.

### **Affected groups and expected impacts**

5.2. The revised Code is expected to impact local government, central government, local people and the wider economy. Indirectly, the revised code may provide opportunities for businesses to exploit the additional data. The impacts are broadly identified as either costs expected to arise from publication of the data, or anticipated benefits from the access and use of the datasets.

5.3. **Local authorities** (412 authorities in total<sup>6</sup>) are expected to be impacted directly through the costs of preparing and publishing the required datasets. From conversations with authorities this is primarily expected to relate to staff time required to publish each dataset, but in some cases there may be external costs. Where authorities raise council tax or levy billing authorities (400 of the 412 authorities covered by the policy), costs to publish mandated datasets will be paid via new burdens funding (see impact on the Department for Communities and Local Government below).

5.4. Offsetting benefits to authorities are expected, including: savings from more efficient public services and use of public sector land and buildings, more effective spending and wider management decision making, the potential for increased competition to supply goods and services and reducing time to answer Freedom of Information Act requests where information is routinely published. For example, expenditure by the Department for Communities and Local Government on procurement cards has reduced by over three quarters since the department started publishing procurement card spend information in 2009/10. It could be expected that local authorities can achieve similar benefits.

5.5. **The Department for Communities and Local Government** will be impacted by the requirement to fund local authorities' costs under new burdens rules. New burdens are required to fund all newly mandated activities. This will include activities local authorities are already undertaking (for example publishing £500 spend). New burdens payments will represent a transfer from the Department for Communities and Local Government to local authorities.

5.6. There may also be administrative impact on the Department for Communities and Local Government if the monitoring and enforcement of compliance with the revised Code required additional effort compared to the existing Code.

5.7. **Local people** are expected to directly benefit from access to the additional data which will facilitate both increased democratic accountability and community engagement regarding local authority services.

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<sup>6</sup> Please see Annex A for a list of the types of local authority that are covered by the revised Code.

- 5.8. **Businesses** including small and medium enterprises and voluntary, community and social enterprise organisations are expected to indirectly benefit from use of the published data. Greater transparency of authority expenditure, activities and assets can provide greater opportunities for businesses to create products and services based on the data, help inform strategic business decisions and to identify business opportunities to supply local authorities.
- 5.9. **The Information Commissioners' Office** may also be impacted if the revised Code results in a material change in the number of Freedom of Information Act referrals and complaints for non-compliance compared to the existing Code.

## 6. Monetised and non-monetised costs and benefits of each option (including administrative burden)

6.1. This section relates to options 1 and 2 only which involve making elements of the Code mandatory. Option 0, to retain the Code as recommended practice has no additional impact.

### **Monetised costs to local authorities**

#### *Incremental costs to local authorities to publish this information*

6.2. The primary cost of making elements of the revised Code mandatory is the administrative burden on local authorities to prepare and publish these datasets.

6.3. For the purposes of this impact assessment, we are interested in the net cost to local authorities to publish mandatory datasets. That is, the incremental cost to publish datasets which would not otherwise be published if the Code remained as recommended practice. The net costs represent the relevant costs of this policy as per Green Book guidance and so are used on the face of this impact assessment.

6.4. However, under new burdens rules, government departments are required to fund the cost of all new duties on eligible local authorities, even where some authorities already meet this duty (for example publishing £500 spend data).

6.5. For completeness, this analysis presents both the gross cost of publishing mandatory datasets, as well as the net (incremental) cost to authorities, which assumes they would otherwise continue to publish datasets in line with the current baseline.

#### *Baseline level of publication*

6.6. The counterfactual level of publication is assumed to remain in line with levels identified the National Audit Office review: *Implementing Transparency*<sup>7</sup> (see table 2 above). A five per cent sample of authorities conducted by the Department for Communities and Local Government in 2013 found some evidence of improvement - for example six per cent (compared to four per cent) publishing data on land and building assets and 100 per cent (compared to 88 per cent) publishing salary data - but these were not deemed to be sufficiently different from the National Audit Office findings to adjust this assumption.

6.7. Over time, there are drivers which could cause the counterfactual level of publication to either increase or decrease. Improvements in data and information systems or a wider understanding of the benefits of open data could encourage authorities to increase publication. Conversely, further budget constraints and a reduction in the initial momentum provided by the Code could cause publication to stagnate or decrease.

6.8. Given the risks in both directions, and the lack of evidence to support a strong recent change in the level in publication, the central assumption is that the current level of compliance will continue at the levels identified by the National Audit Office.

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<sup>7</sup><http://www.nao.org.uk/wp-content/uploads/2012/04/10121833.pdf>

## Methodology

- 6.9. Estimates of administrative costs to publish the core datasets in the Code are based on structured telephone conversations with a sample of 12 authorities conducted in 2013. The 12 authorities sampled included each type of authority (district, county, unitary and other) and represented areas across England. This stratified sample, though not statistically representative, was deemed a proportionate exercise to allow reasonable costs to be determined across a range of authorities, consistent with the Standard Cost Model methodology<sup>8</sup>.
- 6.10. The conversations were used to identify the key activities required to publish each dataset and then to estimate the range of time required or costs involved to complete each activity in line with Standard Cost Model guidance for estimating administrative burdens. Not all authorities were able to supply qualitative estimates for all datasets.
- 6.11. Authority estimates were supplemented with conversations with experts and practitioners (for example a Chartered Institute of Public Finance and Accountancy (CIPFA) expert on assets data, and a practitioner from the Home and Communities Agency on procurement information) to provide an initial level of scrutiny of authority responses and to provide additional input.
- 6.12. For each dataset a reasonable central cost estimate was selected. This was based on considering the range of quantitative and qualitative responses from authorities and conversations with expert opinion in line with new burden guidance. Where appropriate - for example £500 spend which all authorities in the sample published - this was based on the average (mean) response. For other datasets, for example procurement information and assets, judgement was used to place more weight on estimates based on actual experience than ex-ante estimates.
- 6.13. The majority of quantitative estimates provided were estimates of the staff time required to prepare and publish the dataset, expressed as full time equivalent (FTE). Staff time estimates were translated into monetary costs using a standard assumption of £31 per hour for pay (see assumptions below).
- 6.14. To estimate the total cost to publish each dataset the cost per authority estimates were multiplied by the number of authorities affected (302 authorities for parking data and 412 authorities for other datasets – Annex B details the authorities covered by the Code).
- 6.15. In respect of the datasets now being made mandatory (how local authorities use surpluses from their parking revenue account alongside existing data on parking revenues, fraud and waste collection contracts) a separate exercise was conducted. On parking, we contacted the original sample of authorities, plus an additional four authorities with parking functions and the Department for Transport. On fraud, we spoke to a sample of eight existing fraud contacts at local authorities, covering different types of authority, and the Local Government Association. For publication of waste contracts, given this was a one off requirement, to publish details of a single contract, we used a conservative estimate of two hours based on the earlier option 2 estimate of the cost to identify redact and publish a full copy of a contract – even though only the key information will be required to be published.

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<sup>8</sup> Measuring Administrative Costs: UK Standard Cost Model Manual, September 2005, <http://webarchive.nationalarchives.gov.uk/+/http://www.bis.gov.uk/policies/better-regulation/policy/simplifying-existing-regulations/reducing-administrative-burdens>

*Estimated costs to local authorities for each option*

- 6.16. The monetised cost for option 0 (retain the code as recommended practice) is nil.
- 6.17. For option 1 (mandate some datasets in the consultation) and option 2 (mandate all datasets in the consultation) and the costs are set out below in table 3. These are derived using the methodology described above. For the purposes of this impact assessment the incremental cost figure is used to represent the additional cost impact from implementing each option.

**Table 3. Central costs estimates of each option – by dataset**

Mandatory datasets	Baseline	Set up costs		Ongoing costs (per full year)		
		Current Compliance (National Audit Office unless stated)	Per authority (£)	Overall (£m)	Per authority	Overall gross cost (to be paid as new burdens, where eligible)
<b>Option 1</b>						
Land and building assets (core 10 attributes – see Annex A.1)	4%	£ 2,600	£ 1.1m	£1,400	£0.6m	£0.6m
Procurement information (new contracts and tenders over £5,000)	0% (new)	£ -	£ -	£2,800	£1.2m	£1.2m
Grants to voluntary, community and social enterprises organisations itemised	54% (LGA survey)	£ -	£ -	£500	£0.2m	£0.1m
Expenditure exceeding £500	100%	£ -	£ -	£7,000 (top tier) £2,000 (non top tier)	£1.6m	£ -
Organisation chart	65%	£ -	£ -	£100	<£0.1m	<£0.1m
Senior salaries	88%	£ -	£ -	£200	£0.1m	<£0.1m
Trade union facility time	0% (new)	£ -	£ -	£100	<£0.1m	<£0.1m
Government Procurement Card transactions	0% (new)	£ -	£ -	£300	£0.1m	£0.1m
Controlled parking spaces	0% (new)	£ -	£ -	£300	£0.1m	£0.1m
Parking account	50% (internal review)	£ -	£ -	£100	<£0.1m	<£0.1m
Fraud information	0% (new)	£ -	£ -	£100	<£0.1m	<£0.1m



Details of existing waste collection contracts	0% (new)	£	-	£	-	£60	<£0.1m	<£0.1m
Datasets already required under existing legislation (constitution and pay multiple)	0% (new)	£	-	£	-	£130	<£0.1m	<£0.1m
<b>Estimated total costs (option 1)</b>				<b>£</b>	<b>1.1m</b>		<b>£4.0m</b>	<b>£ 2.2m</b>
<b>Mandatory datasets</b>	<b>Baseline</b>	<b>Set up costs</b>		<b>Ongoing costs (per full year)</b>				
	<b>Current Compliance</b> (source: National Audit Office unless stated)	<b>Per authority (£)</b>	<b>Overall (£m)</b>	<b>Per authority</b>	<b>Overall gross cost</b> (to be paid as new burdens, where eligible)	<b>Overall net cost</b> (gross cost less current baseline)		
<b>Option 2 additional datasets</b>								
Land and building assets (additional 8 attributes – see Annex A.2, annually)	0% (new)	£29,400	£ 12.0m	£10,300	£ 4.2m	£ 4.2m		
Full copies of all new contracts over £500 (ongoing)	0% (new)	£	-	£8,200	£ 3.3m	£ 3.3m		
Trade union facility time (including individual members' reasonable time off, annually)	0% (new)	£ 2,400	£ 1.0m	£1,000	£ 0.4m	£ 0.4m		
All corporate card spend (all corporate and credit cards, monthly)	0% (new)	£	-	£700	£ 0.3m	£ 0.3m		
Further parking information (including number of free spaces, annually)	0% (new)	£ 1,200	£ 0.4m	£300	£ 0.2m	£ 0.2m		
<b>Estimated additional costs (option 2)</b>			<b>£</b>	<b>13.5m</b>	<b>£ 8.4m</b>	<b>£ 8.4m</b>		
<b>Estimated total costs (option 2)</b>			<b>£</b>	<b>14.6m</b>	<b>£ 12.4m</b>	<b>£10.6m</b>		

Table 3.1. Underlying assumptions for each option – by dataset

Mandatory datasets	Set up costs per authority			Ongoing costs per authority (per year)		
	Range of estimates	Central estimates (Full Time Equivalent time)	Central estimate (£)	Range of estimates per publication	Central estimates (Full Time Equivalent time)	Central estimate (£)
<b>Option 1</b>						
Land and building assets (core 10 attributes – see Annex A.1)	0-3 weeks	2 weeks	£ 2,600	2.5– 6 days per year	6 days per year	£1,400
Procurement information (new contracts and tenders over £5,000)	no estimates provided, ongoing manual exercise	-	£ -	2 hours – 1 day per month	3 days per quarter	£2,800
Grants to voluntary, community and social enterprises organisations itemised	0- ½ day	-	£ -	1– 9 days per year	2 days per year	£500
Expenditure exceeding £500	N/A - already published	-	£ -	3 hours to 18 days per quarter in house £6,000–£13,000 p.a. where outsourced	8 days per quarter (top tier) 2 days per quarter (non top tier)	£7,000 (top tier) £2,000 (non top tier)
Organisation chart	no estimates provided, ongoing manual exercise	-	£ -	no quantitative estimates provided	½ day per year	£100
Senior salaries	no estimates provided, ongoing manual exercise	-	£ -	no quantitative estimates provided	2 hours per year plus ½ day per year	£200
Trade union facility time	no estimates provided, ongoing manual exercise	-	£ -	no quantitative estimates provided	½ day per year	£100
Government Procurement Card transactions	N/A - already functionality	-	£ -	2 hours	2 hours per quarter	£300
Controlled parking spaces	0- 2 weeks (to automate)	-	£ -	2 hours – 18 hours	10 hours per year	£300
Parking account	N/A - already required to hold data	-	£ -	Negligible, though no quantitative estimates provided	½ day per year	£100

Fraud information	no estimates provided, ongoing manual exercise	-	£	-	Negligible – up to £1,000	½ day per year	£100
Details of existing waste collection contracts	no estimates provided	2 hours per contract to check and redact	£	65	N/A -will be captured by summary of new contracts	£	-
Datasets already required by existing legislation (constitution and pay multiple )	N/A - already required	-	£	-	no quantitative estimates provided	2 hours per item per year	£130
<b>Mandatory datasets</b>							
<b>Set up costs</b>							
	<b>Range of estimates</b>	<b>Central estimates (Full Time Equivalent time)</b>	<b>Central estimate per authority</b>	<b>Range of estimates per publication</b>	<b>Central estimates (Full Time Equivalent time)</b>	<b>Central estimate per authority</b>	
<b>To be made mandatory (option 2 additional datasets)</b>							
Land and building assets (additional 8 attributes – see Annex A.2, annually)	1 month –12 month equivalent (3 months + £20k software + £30k conditions survey)	6 months	£29,400	24 days – 65 days	44 days per year	£10,300	
Full copies of all new contracts over £500 (ongoing)	no estimates provided ongoing manual exercise	-	£	1.3 hours – 3.75 hours	2 hours per contract to check and redact	£8,200	
Trade union facility time (including individual members’ reasonable time off, annually)	2 weeks	2 weeks	£ 2,400	33 hours	33 hours per year	£1,000	
All corporate card spend (all corporate and credit cards, monthly)	no estimates provided ongoing manual exercise	-	£	2 hours – 13 days	5 hours per quarter	£700	
Further parking information (including number of free spaces, annually)	0-2 weeks	1 week	£ 1,200	2 hours – 18 hours	10 hours per year	£300	

## Key assumptions used to derive cost estimates

6.18. The key assumptions underpinning the cost estimates are outlined and discussed below.

6.19. **A minimum level of existing data and systems** across authorities has been assumed for each dataset. This is based on what can reasonably be considered the minimum practice. For example: each authority will already hold and produce information on senior salaries to comply with existing legislation. These assumptions have been tested through conversations with authorities and external experts and from reviewing existing legislation.

6.20. For land and buildings assets it is assumed that, in line with conversations, authorities will hold most or all the basic information required by the Code on their asset systems. Set up costs have been assumed to cover the time needed to format this information and bring in any missing values (one authority we spoke to did not hold tenure information on their main asset system so this would need to be added from another system). There is a risk that in extreme cases, authorities might not hold basic asset data (e.g. name, address and location) in a digital record, and so face additional set up costs to digitise this information. To identify if there were any such cases we reviewed the consultation responses, sent requests through the Association of Chief Estate Surveyors working group and spoke with the Land Registry who had performed research in this area. No cases were identified where authorities do not hold any digital record of their basic asset information. Therefore we consider that the 6 days set up cost is a reasonable central assumption across authorities, but accept the uncertainty that there could be individual cases where authorities require additional work to digitise information.

6.21. **For most datasets a single cost estimate has been assumed for all authorities.** This is based on the estimates provided by authorities, which did not highlight clear difference in costs by size or type of authority, nor was this picked up through qualitative responses. The exceptions are:

- £500 spend, where cost estimates clearly differed between top tier and non top tier authorities. This is consistent with the explanation that top tier authorities face a higher volume of transactions and those with greater need for redaction (for example social care payments). This was tested by reviewing the volume of spend items published for each of the respondents. For top tier respondents this ranged from 1,600 to 14,400 items per month, with an average 5,600 items and for non top tier authorities this ranged from 80 to 600 items per month, with an average of 290 items. Though not a linear relationship, the difference in volumes and costs was judged to be of a sufficiently different order of scale, and so separate central cost estimates have been made for top tier and non top tier authorities based on the mean estimate for each.
- Redacting full copies of contracts (in option 2). This is a directly volume related activity, and cost estimates were provided at the unit level. To estimate the total cost, the central unit cost estimate to redact each contract was multiplied by the number of contracts per responding authority (weighted by the proportion of top tier and non top tier respondents).

6.22. For some datasets where no authority was able to provide a quantitative estimate **costs have been based on estimates to publish similar datasets.** As these related to the most straightforward datasets where qualitative responses indicated that costs would low or minimal, this approach was deemed proportionate.

- For publishing trade union time, organisation charts, and senior salary job titles no quantitative estimates were provided by authorities though qualitative responses

indicated costs would be small. In this case a basic assumption of half a day per year was applied based on an analogous estimate of the cost to reformat and publish existing grants data by one authority. This was deemed appropriate to represent the qualitative estimate of a small cost.

- For datasets already required to be published by existing legislation (pay multiples, publication of constitution and senior salaries above £50k) a simple assumption of two hours to format and publish existing information has been used for consistency. This was based on an authority response to publish existing parking revenue data (already required by statutory guidance) online in the correct format.

6.23. An **average staff cost figure of £31 per hour** (including on costs) has been used to standardise the translation of staff time estimates into costs. This is based on the Ministry of Justice review of costs of responding to Freedom of Information Act requests by the wider public sector<sup>8</sup> and has been used as publishing transparency information is an analogous activity – preparing and reviewing existing data for publication, which will involve input from staff across a range of salary bands. Although publishing transparency datasets is a more routine activity than providing Freedom of Information Act responses, conversations with authorities revealed that it was predominantly technical staff (finance, procurement, asset management and information and communications technology officers) involved in the production and publication of datasets with review by more senior staff. As an example one authority reported that preparing £500 spend data (half of the process) was performed by finance staff at £25 per hour (including on costs), with information reviewed (the other half of the process) by senior managers and budget holders on higher salaries. This was deemed analogous to the mix of staff required to publish Freedom of Information Act responses.

6.24. The **counterfactual baseline level of publication remains broadly constant over time**. See paragraph 6.6 above.

6.25. **No reduction in ongoing costs** due to efficiencies has been assumed. Some conversations with authorities highlighted that costs may decrease over time if processes could become embedded within day to day operations. However, for publishing £500 spend - the largest cost component - this has been published since 2011 and can be assumed to be broadly in steady state. For other datasets where compliance is lower, authorities were not able to provide estimates of how costs might decline over time. Therefore deemed that there was insufficient evidence at this point to make a general assumption about potential future reductions in costs.

### **Sensitivity analysis of cost estimates**

6.26. The most critical cost sensitivity is the **central cost estimate to publish each dataset**. The central scenario presented in table 2 represented the best view of a reasonable cost to publish each item, taking both the local authority responses and input from experts into account. However given the heterogeneity of council systems and processes, authorities reported a range of cost estimates to publish the datasets. For example, estimates to publish £500 spend data varied from 3 hours to 18 days per quarter to publish. Table 5 combines the minimum and maximum cost estimates for each dataset (detailed above in table 3.1) to present a low end and high end cost estimate for each option.

**Table 5. Range of costs for each option based on responses**

Option	Set up costs			Ongoing costs (per year)		
	Lowest	Central	Highest	Lowest	Central	Highest
Option 0 – do nothing, retain Code as recommended practice	£-	£-	£-	£-	£-	£-
Option 1 – mandate some datasets in consultation	£-	£1.1m	£1.5m	£0.8m	£2.2m	£2.9m
Option 2 – mandate all datasets in consultation	£3.1m	£14.6m	£29.8m	£4.9m	£10.6m	£20.8m

6.27. This range is not designed to represent a realistic short term scenario. Given the differences between authorities' current systems and processes it is reasonable to expect a degree of variation in costs in the short run. However, this range can be used to consider the potential low end and high end costs in the longer term if all authorities were able to implement the lowest cost solution to publish each dataset, or conversely if all authorities faced the highest cost solution reported.

6.28. The second main cost sensitivity is the assumption on staff cost (including on costs) of £31 per hour. This is used to translate the authority responses based on staff time estimates into cost estimates. With the exception of two responses on £500 spend (where the service was outsourced), all other cost estimates related to staff time. Therefore reducing or increasing this assumption will have a broadly proportional impact on total costs. As a lower bound, if all transparency information could be produced and reviewed by non-specialised administrative staff at a cost of £17.45 per hour (Annual Survey of Hours and Earnings 2013 mean gross pay for 'local government administrative occupations' plus on-costs)<sup>9</sup>, this would reduce costs by 40 per cent. As an upper bound one authority reported that to publish £500 spend data involved their senior accountant running reports and senior managers reviewing them at a cost of £50 per hour - if applied across all authorities and datasets this would increase costs by 60 per cent. Neither of these scenarios is deemed reasonable to apply to all datasets, which from conversations with authorities typically involved a mix of technical and senior staff to produce and publish.

## **Non-monetised costs**

### *Enforcing mandatory elements of the Code*

6.29. The revised Code does not create new enforcement powers. The starting point will be the statutory responsibilities of local authority monitoring officers. In extreme cases, the Secretary of State has the option to take legal action against authorities for non-compliance.

6.30. The Department for Communities and Local Government are also working with the Information Commissioner's Office to finalise how the process will interact with the Freedom of Information Act enforcement regime. The close relationship between the code and Freedom of Information Act mean that adjudications on complaints received by the

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<sup>9</sup>Annual Survey of Hours and Earnings 2013 Table 14.5a has mean gross pay of £12.14 for Local Government Administrative Occupations, plus on costs (employer National Insurance contributions 13.8%, pension 18.4% (from the National Association of Pension Funds Annual Survey), and holiday 11.5% (6/52 weeks)) gives £17.45 per hour.

Information Commissioner's Office can also enable compliance with the Code. The Information Commissioner's Office may receive complaints about requests made for information in the Code which has not been published or complaints about non-compliance with the proactive disclosure publication scheme requirements of Freedom of Information Act.

6.31. There is uncertainty around whether the number of complaints referred to the Information Commissioner will increase or decrease compared with the existing Code. Therefore no costs or benefits have been monetised. The potential for impacts on the Department for Communities and Local Government and the Information Commissioner's Office around the enforcement of the revised Code are discussed below.

*Costs to the Department for Communities and Local Government of monitoring and enforcing compliance with a mandatory Code*

6.32. It is not expected that the new Code will require materially higher levels of monitoring or enforcement by the Department for Communities and Local Government. The current Code already requires ad hoc monitoring and to highlight areas of non-compliance – for example publishing £500 spend data. The revised Code does not implement a centralised monitoring regime and so no additional costs have been assumed. As legal action is only envisaged as a last resort, it is not anticipated that there would be a material impact on the Courts and Tribunals Service.

*Costs to the Information Commissioner's Office to enforce additional Freedom of Information Act referrals*

6.33. There is a potential cost to the Information Commissioner's Office if the revised Code resulted in an increased volume of complaints under the Freedom of Information Act, related to information requests or complaints about non-compliance with the publication scheme obligations in the Act.

6.34. However, it is unclear whether or how the number of complaints related to transparency datasets will change following the introduction of the revised Code. On the one hand, higher compliance with a mandatory code could be expected to reduce the number of underlying Freedom of Information Act requests for non-compliance. However, the higher profile of the revised Code could generate public interest resulting in more Freedom of Information Act requests to local authorities where data is not published.

6.35. Evidence for the impact of the current Code on the underlying number of Freedom of Information Act requests (which would drive the number of referrals and complaints) is mixed. The Local Government Association Transparency Survey found 14 per cent of respondents reporting 'a reduction in Freedom of Information Act requests' as a top benefit of publishing open data, though four councils commented that they had noticed an increase in Freedom of Information Act requests due to publishing transparency datasets. Anecdotally, the Information Commissioner's Office did not experience a material impact in these requests when the existing Code was introduced. Because of this uncertainty no assumption has been made in either direction in the volume of referrals and complaints to the Information Commissioner's Office for non-compliance with the new Code, and no costs or benefits have been monetised.

6.36. As a sensitivity, only 0.7 per cent of all Freedom of Information Act requests relating to the refusal of information requests by monitored bodies were appealed to the Information

Commissioner's Office in 2012<sup>10</sup>. On average, local authorities would have to receive an additional 140 Freedom of Information Act requests regarding transparency to generate an additional referral to the Information Commissioner's Office. We will work with the Information Commissioner's Office to monitor emerging evidence on the number of referrals and complaints following the introduction of the revised Code.

## Monetised benefits

### *Monetary estimates of the value of public sector information*

6.37. In their review on Implementing Transparency the National Audit Office summarised that studies '*suggest a strong strategic economic case for enabling greater access to public sector information. However, the scale of the various estimates varies widely, owing to differences in approaches to benefits estimation*'.

6.38. The most recent analysis provided for The Shakespeare Review of Public Sector Information by Deloitte<sup>11</sup> estimated the total economic and wider societal value of all public sector information to be between £6.2bn and £7.2bn. This value comprised:

- £1.2-2.2bn in **economic benefits**, from both paid for and free data by estimating consumer surpluses based on willingness to pay and usage assumptions. The direct consumer surplus represents the value of the data to the user (assumed to be the downloader) above any payments they make (zero in the case of free data). For example, this would include the direct value a business placed on using this data commercially, or the value a member of the public placed on using this data for information, but not necessarily capture all the downstream benefits from its use.
- £5bn in **wider societal benefits**<sup>12</sup>, from the non-market impacts of publishing this information – for example 'increased democratic participation' and 'greater accountability'. This was estimated using a crude input-output multiplier to estimate the additional wider value beyond the direct economic benefits.

6.39. It is not possible to disaggregate these estimates to attribute values to the datasets in the Code. The Deloitte analysis utilised data regarding the willingness to pay and usage of various public sector information which is not available for the datasets proposed in the revised Code. In addition the benefits to the datasets in the Code primarily fall under the definition of wider societal benefits which Deloitte summarised were '*harder to measure as it captures wider benefits arising from the use of public sector information – these are typically not measured in monetary terms*'.

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<sup>10</sup> 'Ministry of Justice FOI [Freedom of Information] Statistics Annual Report 2012', p19

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/300909/foi-stats-q4-oct-dec-2012.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300909/foi-stats-q4-oct-dec-2012.pdf)

<sup>11</sup> Market Assessment of Public Sector Information, May 2013 (commissioned for the Shakespeare Review of Public Sector Information):

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/198905/bis-13-743-market-assessment-of-public-sector-information.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/198905/bis-13-743-market-assessment-of-public-sector-information.pdf)

<sup>12</sup> Defined by the study as 'increasing democratic participation', 'promoting greater accountability', 'greater social cohesion' and 'identifying previously unknown links between different policy areas'



6.40. Despite not being able to monetise benefits, the Deloitte study highlights the significant potential benefits from the release of public sector data. This is supported by other broad estimates of the value of public sector information - the European Commission estimated the 'aggregate direct and indirect economic impacts from PSI [public sector information] applications and use across the whole EU27 economy are estimated to be of the order of EUR 140 billion annually' from which the Cabinet Office estimated the value of this information in the UK to be in the region of £16bn per year<sup>13</sup>.

6.41. We believe the principle of proportionality applies, and that performing a similar analysis would be disproportionate given the scale of the policy and the nature of the benefits from transparency datasets which broadly fall under the wider social benefits heading. Non-monetised benefits to the revised Code are identified and described below.

## Non-monetised benefits

### *Benefits to public services*

6.42. **Benefits to local decision making:** 56 per cent of respondents to the Local Government Association Transparency Survey cited local decision-making and democracy as a benefit of publishing open data. Better internal data management, data quality and access to data can help improve internal reporting and decision making. Datasets in the revised Code which could support this include details of contracts, grants to voluntary, community and social enterprise organisations and data land and buildings assets. An authority in the consultation mentioned that councillors found the publication of £500 spend information a useful addition to their suite of management information and in conversations some authorities described how spend data was being used internally as a useful business tool, or as a way of reducing demand on the central information teams.

6.43. **More efficient public service delivery:** releasing, combining and linking up different data sets can yield insights which enable public services to be delivered in more effective or efficient ways. A report for the Local Government Association by Consulting Where and ACIL Tasman estimated that local government output has increased by £232m as a result of productivity benefits from using geospatial information<sup>14</sup> - for example by optimising refuse collection routes. Although only one example, this highlights the potential benefits to service delivery from the effective use of public data (see benefit of better use of public sector assets below).

6.44. **Savings to local services:** Transparency can enable more efficient public services through better use of public sector land and buildings, encouraging more effective spending and increasing competition to supply goods and services. Key examples include:

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<sup>13</sup>Further Detail on Open Data Measures in the Autumn Statement 2011, November 2011, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/61959/Further\\_detail\\_on\\_Open\\_Data\\_measures\\_in\\_the\\_Autumn\\_Statement\\_2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61959/Further_detail_on_Open_Data_measures_in_the_Autumn_Statement_2011.pdf)

<sup>14</sup>The Value of Geospatial Information to Local Public Service Delivery in England and Wales, Local Government Association, 2010, [http://www.local.gov.uk/c/document\\_library/get\\_file?uuid=b6875678-4150-4d74-8b16-bdd9653f774d&groupId=10180](http://www.local.gov.uk/c/document_library/get_file?uuid=b6875678-4150-4d74-8b16-bdd9653f774d&groupId=10180)

- More efficient use of public sector assets:** The value of public assets is estimated to be £378.3 billion<sup>15</sup> of which local authorities own £223bn in operational assets<sup>16</sup>. A specific benefit to the publication of data on land and building assets is to make common data available to partners, community groups and business to enable better use of assets - for example through disposal of surplus land, co-location of services or bringing assets into more productive use to support local communities or businesses. By decreasing their overall asset footprint local authorities can make efficiency savings through decreased running costs and more efficient delivery of services. Information failures – namely a lack of transparency around landholding - have been identified as a key barrier in enabling public accountability for asset management performance, coordination between government bodies, and the identification of opportunities by the private sector. This is the same argument behind the accepted Heseltine Review recommendation #58<sup>17</sup> to *'identify and publish details of all surplus and derelict public land'*. Publication of land and building assets is aimed to directly address this information failure. The Department for Communities and Local Government's Capital and Asset Pathfinder Programme<sup>18</sup> *'highlighted the importance of access to good quality information on public sector assets'* to enable strategic opportunities to be identified and to strengthen public scrutiny of landholdings.
- Better procurement:** Greater transparency of spend and procurement data allows bodies, including small and medium enterprises and voluntary, community and social enterprise organisations, to identify opportunities to supply authorities. In addition, data on grants will allow voluntary, community and social enterprise organisations to identify where funding is allocated and make more informed bids. Where this facilitates greater competition to supply local authorities, this can lead to improvements in the quality and value of goods and services provided to local authorities.
- More effective spend:** expenditure by the Department for Communities and Local Government on procurement cards has reduced by over three quarters since the department started publishing procurement card spend information in 2009/10. It could be expected that local authorities can achieve similar benefits where transparency encourages greater internal challenge on spending. It is estimated that local authorities lose £2.1 billion<sup>19</sup> a year to fraud and detected a small proportion of it. 79 district councils said that they detected no fraud, and the number of fraud investigators has been falling. Placing a spotlight on fraud has the potential to focus energy on stopping money being lost to local authorities so that it can be spent on frontline services.

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<sup>15</sup>Whole of Government Accounts 2009/10, July 2013,  
<https://www.gov.uk/government/publications/whole-of-government-accounts-2009-to-2010>

<sup>16</sup>Local Authority Capital Outturn Report 2010/11

<sup>17</sup>Government's response to the Heseltine review, March 2013,  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/188379/PU1465\\_Govt\\_response\\_to\\_Heseltine\\_review.pdf.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/188379/PU1465_Govt_response_to_Heseltine_review.pdf.pdf)

<sup>18</sup>Capital and Assets Pathfinder Programme 2010-11 Position statement, August 2011,  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5949/19535881.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5949/19535881.pdf)

<sup>19</sup>Annual Fraud Indicator 2013, National Fraud Authority  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/206552/nfa-annual-fraud-indicator-2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206552/nfa-annual-fraud-indicator-2013.pdf)

- **Reduced time spent on Freedom of Information Act requests:** 58 per cent of authority respondents to the Local Government Association Transparency survey reported a reduction in data enquiries/Freedom of Information Act requests a benefit of publishing open data (though some commented that it had not reduced requests). Transparency can also reduce the time officers spend responding to Freedom of Information Act requests where information is routinely published. Some authorities we spoke to mentioned they receive regular requests on areas covered by the Code, for example which contracts they have in place for a given sector (e.g. telecoms) and when these are due to expire. Publishing this information as a matter of course reduces the time needed to respond to the requests. A Ministry of Justice costing exercise estimated the average cost to respond to a Freedom of Information Act request to be £164<sup>20</sup> taking on average 5 hours 21 minutes to complete. This suggests significant savings where individual requests can be referred to already published information.

### *Benefits to the public*

- 6.45. **Democratic accountability** is highlighted as a key component of the wider societal value of public sector information by the Deloitte analysis. The Local Government Association Transparency Survey 2012<sup>21</sup> found that 80 per cent of local authority respondents cited external accountability as a benefit of publishing open data. An authority sample of 800 residents on transparency found 64 per cent of respondents thought it was 'very important' that 'the Council makes data available to the public', with the most popular area to see data made available being 'council spending/budgets' (66 per cent of respondents). At a wider level, improving transparency is a popular democratic reform; the Hansard *Audit of Political Engagement (2013)* found the 'most popular reform improvement, supported by 48 per cent of the public, would be to 'make politics more transparent'. All datasets within the Code are designed to contribute to democratic accountability.
- 6.46. Evidence on the current level of use of transparency data is mixed. Ongoing Birkbeck research<sup>22</sup> into the use of £500 spend data from authority sites has found variability in the number of visits ranging from '5,357 pageviews in a 24 month period (a County or regional level Council) and the lowest 210 pageviews in a 26 month period'. However, there are examples where demand for local authority data is strong - the London Borough of Redbridge receives up to ten thousand visitors each month to its data portal, which links 17 datasets ranging from information on council expenditure and senior staff salaries to local properties subject to business rates<sup>23</sup>.
- 6.47. Where public money is involved there is a clear public interest in being able to see how it is being spent, to scrutinise and challenge what outcomes are being delivered, demonstrate how value for money has been achieved, or to highlight inefficiency. Increased transparency of local authority data is designed to make sure all local people have access

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<sup>20</sup> Strand 3 – Investigative study to inform the Freedom of Information Act (2000) post-legislative review - Costing Exercise, March 2012, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/217390/investigative-study-informing-foia.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/217390/investigative-study-informing-foia.pdf)

<sup>21</sup> The Local Government Transparency Survey, 2012,

[http://www.local.gov.uk/web/guest/local-transparency/-/journal\\_content/56/10171/3825698/ARTICLE-TEMPLATE](http://www.local.gov.uk/web/guest/local-transparency/-/journal_content/56/10171/3825698/ARTICLE-TEMPLATE)

<sup>22</sup> David Cameron's Transparency Revolution?, Dr Ben Worthy, October 2013,

<http://campus.hec.fr/global-transparency/wp-content/uploads/2013/10/Worthy-David-Camerons-Transparency-revolution-FINAL.pdf>

<sup>23</sup> Making Open Data Real: A Public Consultation, Cabinet Office, 2011, <https://www.gov.uk/government/consultations/making-open-data-real>

to information. This represents a benefit to local people whether they use this data directly (for information or to hold authorities to account), or indirectly benefit from its use by other local people or bodies. The ongoing Birkbeck research found respondents' views of the primary users of local authority data to be broadly split between the public (24 respondents), media (30 respondents) and business (31 respondents), indicating that local media plays an important role in this process.

6.48. **Engagement with communities** is also a component of the wider societal benefits identified in the Deloitte analysis. Research by Ipsos MORI<sup>24</sup> found that the more citizens feel informed, the more they tend to be satisfied with public services and their local authority. Overall satisfaction with local authorities is further heightened when an informed public feel they can influence local decision making. 28 per cent of respondents to the Local Government Association Transparency Survey cited citizen assessment and choice of services as a benefit of publication and use of open data. The survey also showed that local authority respondents identified 'local community groups' as the biggest users of data, albeit from a small response base.

6.49. Though data alone is not sufficient for community engagement, there are clear examples where it can be used to enable greater engagement via existing policy areas. For example of assets data can enable communities to identify assets under Community Right to Bid.

#### *Benefits to businesses and the wider economy*

6.50. **Economic benefits from unlocking commercial value of data:** The revised Code provides opportunities for businesses to benefit from and exploit council data - especially across authorities - by mandating the disclosure of key datasets. This can be used to develop websites, applications, or other products that use this data for commercial purposes. Businesses may also use local authority information (for example on land and building assets) to inform investment decisions.

6.51. The commercial use of data published by the current code is still in its infancy and the potential value of the datasets to businesses would be difficult to estimate at this stage. As the Deloitte analysis suggests *'Further benefits are likely to emerge for private individuals, business and other organisations as methods of exploiting public sector information are developed and improved'*.

6.52. An example of public sector information being used successfully by businesses and industry is open data in the United Kingdom health sector which has led to the formation of a fledgling industry with an estimated value of around £50 million per year<sup>25</sup>. Though no claims are made as to the commercial value of the data in the transparency code – the Code presents greater opportunities for this value to be unlocked.

6.53. **Downstream benefits to the wider economy:** The benefits created by consumers of the data from the use and re-use of the datasets in the Code, including links to existing policies, are detailed below.

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<sup>24</sup> What do people want, need and expect from public services?, 2010, [http://www.ipsos.com/public-affairs/sites/www.ipsos.com.public-affairs/files/documents/what do people want need and expect from public services.pdf](http://www.ipsos.com/public-affairs/sites/www.ipsos.com.public-affairs/files/documents/what%20do%20people%20want%20need%20and%20expect%20from%20public%20services.pdf)

<sup>25</sup> Making Open Data Real: A Public Consultation, Cabinet Office, 2011, <https://www.gov.uk/government/consultations/making-open-data-real>

- **Better use of public sector assets:** The disposal of public sector land is central to the Government's aspiration to increase the supply of new homes and support economic growth. As described above information failures – namely a lack of transparency around landholding - have been identified as a key barrier in enabling public accountability for asset management performance.

- **Community Right to Bid:** Transparency of land and building assets will provide local people and community groups with information about which assets are owned by their local authority - a first step in identifying and nominating assets of community value. The Community Right to Bid impact assessment<sup>26</sup> estimated the annual benefit from additional employment and volunteering of £8.8m per year, based on an assumption of 136 transfers. Therefore, we would expect the value of an additional transfer to be in region of £65,000 per year (£8.8m/136). It is not possible to estimate how many additional transfers could be enabled by increased transparency as information on assets is only one step in the process, however ensuring data on local authority assets is available to local people will make it easier for local groups to identify and nominate potential assets of community value from within these holdings.
- **Opening up the market to supply local authorities:** Greater transparency of spend and procurement data allows bodies, including small and medium enterprises and voluntary, community and social enterprise organisations, to identify opportunities to supply authorities by opening up the market.

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<sup>26</sup> Community Right to Bid – Impact Assessment Localism Act 2011, June 2012, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/8505/2168557.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8505/2168557.pdf)

## 7. Rationale and evidence that justify the level of analysis used in the Impact Assessment (proportionality approach)

- 7.1. Rationale based on Impact Assessment Toolkit guidance which recommends final stage should fully monetise quantitative analysis, *'assuming full quantification is possible and proportionate'*.
- 7.2. This impact assessment has monetised costs to provide quantitative figures to allow the cost impact of the various options to be effectively measured and considered.
- 7.3. Benefits which have not been monetised are associated with increased public accountability and community engagement. Monetising these is not possible without significant further analysis, and even then robust figures may not be obtainable. We believe the principle of proportionality applies given the scale and scope of the revised Code. To attempt to provide detailed monetised benefits for the Code would be difficult for the reasons outlined above in section 6 and would require significant further analysis in line with the Deloitte study supporting the Shakespeare Review.
- 7.4. We judged that this scale of analysis is a substantial undertaking that is disproportionate for the scale of the impacts expected from the Code.

## 8. Direct costs and benefits to business calculations

- 8.1. **Not applicable.** This policy does not regulate or deregulate business. Therefore it is outside the scope of the One-in Two-out framework.

## 9. Wider impacts

- 9.1. Direct financial and wider economic impacts are identified and estimated in sections 5 and 6. No wider social or environmental impacts as per the Better Regulation Framework Manual have been identified.

## 10. Summary and preferred option

- 10.1. The preferred option is option 1 – to make some elements of the Code mandatory, but retain recommended practice status for other elements.
- 10.2. As benefits have not been monetised options were appraised against an assessment of their cost, achievability, and strategic fit with the policy objectives identified in section 3, to:
  - Promote democratic accountability

- Support service transformation, by providing the information for local people and groups to participate in local decisions about how services are delivered, and
  - Support growth and open up markets for small and medium enterprises and voluntary and community organisations and social enterprises by unlocking data on local authority assets and procurement.
- 10.3. Given the low publication of data on assets in the existing Code and the inconsistency highlighted by the National Audit Office, maintaining the code as recommended practice (option 0) does not meet the policy objectives to support growth, promote democratic accountability and support service transformation.
- 10.4. Of the remaining two options, mandating all elements of the Code consulted on in 2012 (option 2), is estimated to have an incremental cost on authorities of £10.6m compared to £2.2m for mandating only some datasets (option 1). Though benefits have not been monetised, it is not judged that the additional benefits from mandating all elements would justify the additional costs as the core elements of each dataset are covered by option 1.
- 10.5. Mandating all elements of the Code consulted on in 2012 (option 2) is also judged to be less achievable. Consultation responses highlighted the risk that some authorities would not be able to publish all of the elements within a reasonable timeframe.
- 10.6. Therefore, option 1, is preferred as this option is judged to balance the need to meet the policy objectives with the need to remain affordable and achievable for authorities to deliver.



# Annex A: Datasets required by policy options 1 and 2

1. This annex details the datasets required by the two policy options considered in the impact assessment:
  - Option 1: Make some elements of Transparency Code consulted on in 2012 mandatory, but retain recommended practice status for other elements
  - Option 2: Make all elements of Transparency Code consulted on in 2012 mandatory
2. Table A.1. details the datasets mandated under option 1. This is the preferred option.
3. Table A.2. details the **additional** datasets for option 2 if all datasets covered by the 2012 consultation were to be made mandatory.

**Table A.1. Datasets mandated under option 1**

Title	Information which must be published	Frequency
<b>Expenditure exceeding £500</b>	For each individual item of expenditure the following information must be published: <ul style="list-style-type: none"> <li>• date the expenditure was incurred</li> <li>• local authority department which incurred the expenditure</li> <li>• beneficiary</li> <li>• summary of the purpose of the expenditure</li> <li>• amount</li> <li>• Value Added Tax that cannot be recovered</li> <li>• merchant category (eg. computers, software etc).</li> </ul>	Quarterly
<b>Government Procurement Card transactions</b>	For each transaction, the following details must be published: <ul style="list-style-type: none"> <li>• date of the transaction</li> <li>• local authority department which incurred the expenditure</li> <li>• beneficiary</li> <li>• amount</li> <li>• Value Added Tax that cannot be recovered</li> <li>• summary of the purpose of the expenditure</li> <li>• merchant category (eg. computers, software etc).</li> </ul>	Quarterly
<b>Procurement information</b>	Publish details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000. For each invitation, the following details must be published: <ul style="list-style-type: none"> <li>• reference number</li> <li>• title</li> <li>• description of goods and/or services sought</li> <li>• start, end and review dates</li> <li>• local authority department responsible.</li> </ul> Publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published: <ul style="list-style-type: none"> <li>• reference number</li> <li>• title of agreement</li> <li>• local authority department responsible</li> </ul>	Quarterly

Title	Information which must be published	Frequency
	<ul style="list-style-type: none"> <li>• description of the goods and/or services being provided</li> <li>• supplier name and details</li> <li>• sum to be paid over the length of the contract or the estimated annual spending or budget for the contract</li> <li>• Value Added Tax that cannot be recovered</li> <li>• start, end and review dates</li> <li>• whether or not the contract was the result of an invitation to quote or a published invitation to tender</li> <li>• whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number.</li> </ul>	
<b>Local authority land</b>	<p>For each land or building asset, the following information must be published together in one place:</p> <ul style="list-style-type: none"> <li>• Unique Property Reference Number</li> <li>• Unique asset identity - the local reference identifier used by the local body, sometimes known as local name or building block. There should be one entry per asset or user/owner (eg. on one site there could be several buildings or in one building there could be several users, floors/rooms etc – where this is the case, each of these will have a separate asset identity). This must include the original reference number from the data source plus authority code</li> <li>• name of the building/land or both</li> <li>• street number or numbers - any sets of 2 or more numbers should be separated with the '-' symbol (eg. 10-15 London Road)</li> <li>• street name – this is the postal road address</li> <li>• postal town</li> <li>• United Kingdom postcode</li> <li>• map reference – local authorities may use either Ordnance Survey or ISO 6709 systems to identify the location of an asset, but must make clear which is being used. Where an Ordnance Survey mapping system is used (the grid system) then assets will be identified using Eastings before Northings. Where geocoding in accordance with ISO 6709 is being used to identify the centre point of the asset location then that reference must indicate its ISO coordinates</li> <li>• whether the local authority owns the freehold or a lease for the asset</li> <li>• whether or not the asset is land only (without permanent buildings) or it is land with a permanent building.</li> </ul>	Annually
<b>Grants to voluntary, community and social enterprise organisations</b>	<p>Publish details of all grants to voluntary, community and social enterprise organisations. This can be achieved by either:</p> <ul style="list-style-type: none"> <li>• tagging and hence specifically identifying transactions which relate to voluntary, community and social enterprise organisations within published data on expenditure over £500 or published procurement information or,</li> <li>• by publishing a separate list or register.</li> </ul> <p>For each identified grant, the following information must be published as a minimum:</p> <ul style="list-style-type: none"> <li>• date the grant was awarded</li> <li>• time period for which the grant has been given</li> <li>• local authority department which awarded the grant</li> <li>• beneficiary</li> <li>• beneficiary's registration number</li> <li>• summary of the purpose of the grant</li> <li>• amount.</li> </ul>	Annually
<b>Organisation chart</b>	<p>Publish an organisation chart covering staff in the top three levels of the organisation. The following information must be included for each member of staff included in the chart:</p>	Annually

Title	Information which must be published	Frequency
	<ul style="list-style-type: none"> <li>• grade</li> <li>• job title</li> <li>• local authority department and team</li> <li>• whether permanent or temporary staff</li> <li>• contact details</li> <li>• salary in £5,000 brackets, consistent with the details published for Senior Salaries</li> <li>• salary ceiling (the maximum salary for the grade).</li> </ul>	
<b>Trade union facility time</b>	<p>Publish the following information:</p> <ul style="list-style-type: none"> <li>• total number (absolute number and full time equivalent) of staff who are union representatives (including general, learning and health and safety representatives)</li> <li>• total number (absolute number and full time equivalent) of union representatives who devote at least 50 per cent of their time to union duties</li> <li>• names of all trade unions represented in the local authority</li> <li>• a basic estimate of spending on unions (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary), and</li> <li>• a basic estimate of spending on unions as a percentage of the total pay bill (calculated as the number of full time equivalent days spent on union activities multiplied by the average salary divided by the total pay bill).</li> </ul>	Annually
<b>Parking account</b>	<p>Publish on their website, or place a link on their website to data published elsewhere:</p> <ul style="list-style-type: none"> <li>• a breakdown of income and expenditure on the authority's parking account. The breakdown of income must include details of revenue collected from on-street parking, off-street parking and Penalty Charge Notices</li> <li>• a breakdown of how the authority has spent a surplus on its parking account.</li> </ul>	Annually
<b>Controlled parking spaces</b>	<p>Publish the number of marked out controlled on and off-street parking spaces within their area, or an estimate of the number of spaces where controlled parking space is not marked out in individual parking bays or spaces.</p>	Annually
<b>Senior salaries</b>	<p>Local authorities must place a link on their website to the following data or must place the data itself on its website:</p> <ul style="list-style-type: none"> <li>• the number of employees whose remuneration in that year was at least £50,000 in brackets of £5,000</li> <li>• details of remuneration and job title of certain senior employees whose salary is at least £50,000</li> <li>• employees whose salaries are £150,000 or more must also be identified by name.</li> <li>• a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) and details of bonuses and 'benefits in kind', for all employees whose salary exceeds £50,000.</li> </ul>	Annually
<b>Constitution</b>	<p>Local authorities must publish their Constitution on their website.</p>	Annually
<b>Pay multiple</b>	<p>Publish the pay multiple on their website defined as the ratio between the highest paid salary and the median salary of the whole of the authority's workforce. The measure must:</p> <ul style="list-style-type: none"> <li>• cover all elements of remuneration that can be valued (eg. all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind)</li> <li>• use the median earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year</li> <li>• exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure.</li> </ul>	Annually
<b>Fraud</b>	<p>Publish the following information:</p>	Annually

Title	Information which must be published	Frequency
	<ul style="list-style-type: none"> <li>• number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers</li> <li>• total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud</li> <li>• total number (absolute and full time equivalent) of professionally accredited counter fraud specialists</li> <li>• total amount spent by the authority on the investigation and prosecution of fraud</li> <li>• total number of fraud cases investigated.</li> </ul>	
<b>Waste contracts</b>	Local authorities must publish details of their existing waste collection contracts, in line with the details contained in paragraph 27 of the Code, at the point they first publish quarterly contract information under Part 2 of this Code.	One off

**Table A.2. Additional datasets considered under option 2**

Dataset and requirement	Frequency of publication
<p><b>Further details on land and building assets (8 additional attributes)</b></p> <ul style="list-style-type: none"> <li>• the size of the asset measured in Gross Internal Area (m<sup>2</sup>) for buildings or hectares for land, in accordance with the Royal Institute of Chartered Surveyors Code of Measuring Practice. The Gross Internal Area is the area of a building measured to the internal face of the perimeter walls at each floor level. Local authorities using Net Internal Area (m<sup>2</sup>) should convert measurements to Gross Internal Area using appropriate conversion factors<sup>20</sup> and state the conversion factor used.</li> <li>• the services offered from the asset using the services listed from the Effective Services Delivery government service function list <a href="http://doc.esd.org.uk/FunctionList/1.00.html">http://doc.esd.org.uk/FunctionList/1.00.html</a> (listing up to five main services).</li> <li>• the reason for holding asset such as, it is occupied by the local authority or it is providing a service in its behalf, it is an investment property, it supports economic development (eg. provision of small businesses or incubator space), it is surplus to the authority's requirements, it is awaiting development, it is under construction, it provides infrastructure or it is a community asset.</li> <li>• whether or not the asset is either one which is an asset in the authority's ownership that is listed under Part 5 Chapter 3 of the Localism Act 2011 and/or an asset which the authority is actively seeking to transfer to the community.</li> <li>• total building operation (revenue) costs as defined in the Corporate value for money indicators for public services at <a href="http://www.vfmindicators.co.uk/guidance/2010-11-Estates-Management.pdf">http://www.vfmindicators.co.uk/guidance/2010-11-Estates-Management.pdf</a></li> <li>• required maintenance - the cost to bring the property from its present state up to the state reasonably required by the authority to deliver the service and/or to meet statutory or contract obligations and maintain it at the standard. This should exclude improvement projects but include works necessary to comply with new legislation (e.g. asbestos and legionella).</li> <li>• Functional suitability.</li> <li>• energy performance rating as stated on the Display Energy Certificate under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007.</li> </ul>	Annually
<b>Full or redacted copies of all new contracts over £500</b>	Ongoing
<b>Details of trade union facility time including individual members' reasonable time off</b>	Annually
<b>Corporate card spend (all corporate and credit cards as well as GPC cards)</b>	Quarterly
<b>Further parking information including number of free spaces</b>	Annually

# Annex B: Authorities covered by the Code

The Code applies in England only, and applies to the following local authorities:

- a district council
- a parish council which has gross annual income or expenditure (whichever is the higher) exceeding £200,000\*
- a London borough council
- the Common Council of the City of London
- the Council of the Isles of Scilly
- a national park authority for a national park in England
- the Broads Authority
- the Greater London Authority so far as it exercises its functions through the Mayor
- the London Fire and Emergency Planning Authority
- Transport for London
- a fire and rescue authority (constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies, and a metropolitan county fire and rescue authority)
- a joint authority established by Part IV of the Local Government Act 1985 (fire and rescue services and transport)
- a joint waste authority, i.e. an authority established for an area in England by an order under section 207 of the Local Government and Public Involvement in Health Act 2007
- an economic prosperity board established under section 88 of the Local Democracy, Economic Development and Construction Act 2009
- a combined authority established under section 103 of that Act
- waste disposal authorities, i.e. an authority established under section 10 of the Local Government Act 1985
- an integrated transport authority for an integrated transport area in England.

\* The Code will remain as recommended practice for parish councils whose gross annual income or expenditure (whichever is the higher) does not exceed £6.5 million