

## **Localism and Decentralisation Bill**

**For discussion and direction.**

### **Summary**

This report outlines key measures we expect to be present in the localism and decentralisation bill.

### **Recommendation**

Members note the anticipated content of the localism and decentralisation bill and discuss the LG Group approach.

### **Action**

As directed by the forum.

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## **Localism and Decentralisation Bill**

### **Background**

1. The localism and decentralisation bill is set to be a large and complex piece of legislation and will form the centre piece of the Government's agenda to establish a more transparent and accountable local public service, and will set out the legislative framework to build the Big Society.
2. The bill is at a very early stage of development currently with a large number of sections yet to be drafted and still under active consideration. With this in mind we expect the bill to be tabled in mid November at the earliest. The LGA bill team are in dialogue with Communities and Local Government (CLG) to seek to influence the development of the Bill over the coming weeks and months.
3. The LGA Leadership Board will, prior to this meeting, consider a paper on proposed policy positions on the issues outlined below. An oral update will be provided at this meeting.

### **Localism measures**

4. This section of the Bill is likely to include substantial LGA lobbying successes including:
  - 4.1 a general power of competence;
  - 4.2 the abolition of the comprehensive area assessment and the audit commission;
  - 4.3 the abolition of the regional development agencies and the regional government offices.
5. Further measures expected in this section of the bill include:
  - 5.1 **Give residents the power to instigate local referendums on any local issue and the power to veto excessive council tax increases.**  
Members should note that CLG are currently consulting on this proposal which was first proposed in the Conservative's *Control Shift* paper and subsequently detailed in the coalition agreement. Leadership Board are considering two approaches, informed by a survey of Leaders.
  - 5.2 **Give councils the power to vote on large salary packages for unelected council officials.**

**Item 2**

The LG Group has previously recommended that councils should be able to establish remuneration committees, to include members from outside the council, which can oversee and scrutinise pay packages. These committees could have delegated responsibilities, or make recommendations on salaries to be debated in full council.

**5.3 Legislate for directly elected Mayors to enable the largest 12 cities in England to have Mayors from 2012, subject to confirmatory referenda and full scrutiny by elected councillors.**

The government have not clarified arrangements on this provision. One option available to government is to automatically make the sitting leader in each of the 12 largest cities Mayor with confirmatory referenda held sometime after the event however we are awaiting further details on this provision.

**5.4 Give communities powers to save local facilities threatened with closure and to take over local state-run services.**

The community right to buy and right to request are being developed by CLG currently. It will be critical that government takes a coordinated approach to ensure that these new provisions alongside other initiatives such as the community right to build operate in a complementary manner on the ground.

**5.5 Identify and implement measures to allow councils to return to the committee system, should they wish to.**

This provision will provide greater freedom for councils to constitute themselves in a form that they feel work best for them locally. Members will wish to note that this occurs in the same bill that obliges some areas to undertake a particular form of centrally set governance.

**5.6 Implement powers for councils to merge the role of Chief Executive and Leader.**

It is currently unclear as to which authorities this power will extend to; one potential approach which would link to other reforms in this bill might be for the power to extend only to those authorities with a mayoral system. We are awaiting further details on this provision.

**5.7 Require public bodies to publish online job titles of every member of staff and salaries and expenses of senior officials.**

Many local authorities are already ahead of the game here and have published significant financial, performance and service information locally as a means of promoting transparency, accountability and supporting local people to take informed choices.

**Item 2**

**5.8 Abolish the Standards Board regime.**

Members should note that on current plans, the Localism Bill will contain provisions to abolish altogether the current local government standards regime. Under these measures, Standards for England will be abolished and councils will no longer be required to have a councillor code of conduct nor to have a Standards Committee.

**Planning and housing measures**

6. Planning is crucial to how councils respond to a whole range of issues and as such the planning and housing content of the bill will have a huge impact on the way councils operate. The general approach the government is taking is to remove significant elements of instruction and regulation from national and regional government and curtail the power of the Planning Inspectorate and instead offer localities financial incentives, for example through the retention of council tax and business rate receipts from new development.

7. We expect the following elements to be present in the bill; lobbying on this agenda is being taken forward by the LG Group Environment Board:

7.1 **Delivering a decentralised planning system.** Much of the detail of the proposed reforms is yet to be clarified. Conservative party proposals for planning reform were set out in advance of the general election in the *Open Source Planning* green paper. Implicit in the paper were two approaches to a more localised planning system. The first emphasised stripping away of regional and national prescription to empower councils to draw up plans that are more responsive to local needs and ambitions; and to work together collectively to plan strategically to fill the space left by the removal of regional planning functions. The second strand emphasised bottom up involvement of communities and neighbourhoods. It remains to be seen how the balance between these different emphases will play out in legislation.

7.2 **Ensuring a consistent approach to decentralisation.** A prescriptive approach to some specific issues runs counter to the generally devolutionary approach. For example, stipulating that councils cannot stand in the way of any development that is associated with a school, and developing process around proposals for community led development which is unnecessarily prescriptive and cumbersome and risks being less, not more, effective in encouraging small scale rural development.

7.3 **Effective incentives for development.** A New Homes Bonus scheme will be put in place early in the spending review period to reward councils who facilitate the building of new homes. Many of the details are yet to be confirmed, but it is proposed that the sum an area receives from council tax as a result of building new homes will be matched for a six year period.

**Item 2**

It seems the bonus scheme may be funded simply by top-slicing the existing Formula Grant to local authorities, so all councils will receive less grant and those councils who build new housing will get additional funding from the scheme. We support the New Homes Bonus; however there are issues that government needs to resolve to ensure that it results in an effective incentive to address the country's housing needs. These issues include:

- 7.3.1 The definition of a "new home", it is unclear if it will include bringing long term empty properties into use and replace poor quality obsolete homes.
- 7.3.2 If the government fund the scheme from existing local government grant, it could have significant impacts on the distribution of funding overall and on continuing regeneration initiatives in some areas of the country.
- 7.3.3 Success in increasing the supply of new homes under this scheme will reduce the effectiveness of the incentive as the amount they receive through the bonus will be off set by parallel reductions in grant funding.
- 7.3.4 How the scheme will provide sufficient certainty to councils about the level of funding they can expect to enable them to plan for spending and investment of the incentive?

**Conclusion and next steps**

- 8. The LGA bill team will continue to influence the development of the bill through a series of official level meetings with CLG and through parliamentary lobbying activity over the coming weeks and months to embed the LG Group's approach to place based budgets and localism within the bill.

**Financial Implications**

- 9. There are no additional financial implications arising from this report.