

<b>Item No.</b> 7	<b>Classification:</b> Open	<b>Date:</b> 8 July 2011	<b>Meeting Name:</b> Democracy Commission – Phase 2
<b>Report title:</b>		Democracy Commission: Localism Bill	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Communities, Law & Governance	

### **RECOMMENDATION(S)**

1. That the Democracy Commission notes the contents of this report on the Localism Bill.

### **BACKGROUND INFORMATION**

2. The Localism Bill was introduced to Parliament on 13 December 2010 and aims to devolve greater powers to councils and neighbourhoods and give local communities more control over housing and planning decisions.
3. The Bill has passed through the House of Commons and has recently undergone its second reading in the House of Lords (7 June). It will pass to the Committee stage in the House of Lords on 20 June 2011.
4. Nevertheless, as the Localism Bill is still going through Parliament its provisions are still subject to change. More information on the progress of the bill can be found at: <http://services.parliament.uk/bills/2010-11/localism.html>

### **KEY ISSUES FOR CONSIDERATION**

5. As the Localism Bill contains specific provisions around planning, regeneration and community empowerment, its implications could have been directly relevant to this current review of community councils. However, the devolution of power from local councils under the Bill appears largely to be to community groups rather than local elected representatives. There is no strengthening of legislation regarding area committees.

### **Overview of the Localism Bill**

6. Specifically, the provisions of the Localism Bill relating to councils include:
  - giving councils a general power of competence
  - allowing councils to choose to return to the committee system of governance and allowing for referendums for elected mayors in certain authorities
  - abolishing the Standards Board regime and the model code of conduct, and introducing local accountability and a criminal offence of deliberate failure to declare a personal interest in a matter

- giving residents the power to instigate local referendums on any local issue and the power to veto excessive council tax increases
- allowing councils more discretion over business rate relief
- providing new powers to help save local facilities and services threatened with closure, and giving voluntary and community groups the right to challenge local authorities over their services.

7. The housing provisions will:

- abolish the requirement to have a Home Improvement Pack
- reform the Housing Revenue Account system
- provide for a new form of flexible tenure for social housing tenants
- allow local authorities to discharge their duties to homeless people by using private rented accommodation
- give local authorities the power to limit who can apply for social housing within their areas
- abolish the Tenant Services Authority and provides for a transfer of functions to the Homes and Communities Agency
- amend the way in which a social tenant can make a complaint about their landlord
- improve the ability of social tenants to move to different areas.

8. The planning and regeneration provisions will:

- abolish Regional Spatial Strategies
- abolish the Infrastructure Planning Commission and return to a position where the Secretary of State takes the final decision on major infrastructure proposals of national importance
- amend the Community Infrastructure Levy, which allows councils to charge developers to pay for infrastructure. Some of the revenue will be available for the local community
- provide for neighbourhood plans, which would be approved if they received 50% of the votes cast in a referendum
- provide for neighbourhood development orders to allow communities to approve development without requiring normal planning consent
- give new housing and regeneration powers to the Greater London Authority, while abolishing the London Development Agency.

### **Localism and Decentralisation**

9. The Localism Bill is a central plank of the coalition government's decentralisation agenda, which is being driven by "six essential actions", which are to :

- Lift the burden of democracy
  - Empower communities to do things their way
- } FUNDAMENTAL ACTIONS
- Increase local control of public finance
  - Diversify the supply of public services
- } RESOURCES AND CHOICE
- Open up government to public scrutiny
  - Strengthen accountability to local people
- } PEOPLE TAKE CONTROL

10. Local authorities are viewed as having two vital roles, both as beneficiaries of decentralisation, and as facilitators through the passing of power to communities and individuals.

11. The key provisions of the Localism Bill contribute to these six essential actions in the following way:

Actions of Decentralisation Agenda	Key Provisions of Localism Bill
<b>Lift the burden of bureaucracy</b>	<ul style="list-style-type: none"> <li>• Abolition of Regional Strategies</li> <li>• Standards Board Regime to be scrapped</li> <li>• End to ‘predetermination’ rules preventing councillors acting on local issues due to risk of bias</li> </ul>
<b>Empower communities to do things their way</b>	<ul style="list-style-type: none"> <li>• General Power of Competence to enable local authorities to do anything not specifically prohibited by law</li> <li>• Community Right to Buy will give communities powers to save local assets or bid for their management/ownership</li> <li>• Neighbourhood Plans – a radical reform of the planning system providing new rights for communities to shape their local areas</li> </ul>
<b>Increase local control of public finance</b>	<ul style="list-style-type: none"> <li>• Introduction of Council Tax referendums, ending central imposition of council tax and allowing local people to veto excessive increases</li> <li>• Business rate discounts to enable local authorities the power to respond to concerns of local businesses</li> <li>• Community Infrastructure Levy requiring local authorities to plough a proportion of</li> </ul>

<p><b>Diversity the supply of public services</b></p>	<p>revenues back into neighbourhoods</p> <ul style="list-style-type: none"> <li>• Community Right to Challenge gives local people the right to challenge to run local authority services</li> <li>• Community Right to Buy gives community organisations greater opportunity to identify and bid for assets from which they can deliver local services</li> </ul>
<p><b>Open up Government to public scrutiny</b></p>	<ul style="list-style-type: none"> <li>• Requirement for local authorities to produce annual statements on their policy re chief officer remuneration</li> </ul>
<p><b>Strengthen accountability to local people</b></p>	<ul style="list-style-type: none"> <li>• Local referendums can be instigated by local people via petitions</li> <li>• Elected mayors in 12 cities in England from 2012</li> </ul>

### Localism and Planning

12. An important element of the Localism Bill for community councils are the proposed changes to the planning system, designed to give local people more influence over decisions in their area, promote growth and speed up the planning process.
13. Community councils have devolved decision-making powers in relation to local planning and one of the potential savings options being proposed by officers relates to this function. It is therefore relevant to highlight some of the potential impacts of the legislation on planning.
14. The key changes to the planning system included in the Localism Bill are as follows:
  - **Abolition of Regional Spatial Strategies** meaning that local authorities are responsible for determining targets for new housing.
  - A new right for communities to draw up **Neighbourhood Development Plans**, allowing people to come together through a local parish council or neighbourhood forum and decide the location and appearance of new houses, businesses and shops and their area. These would come into force following a local referendum.
  - **Neighbourhood Development Orders** which give local people a role in granting full or outline planning permission to facilitate the development of new homes and businesses in priority areas.
  - A **community right to build** allows local people to bring forward plans for small developments e.g. new homes, shops or businesses. Any profits made from such developments would remain within the community.
  - Greater flexibility in setting rates and use of the **community infrastructure levy**, including through passing this directly to communities who accept the development

- Introduction of a **duty to cooperate** to strengthen working between neighbouring authorities in the absence of a regional tier e.g. around transport.
- Establishment of **central government control of nationally significant infrastructure projects** and the abolition of the Infrastructure Planning Commission.
- A requirement for developers to consult local communities in advance of applications for very large developments.
- Strengthening enforcement rules to tackle abuses of the planning system.
- Reforming the way local plans are made by limiting the discretion of planning inspectors to insert their own working, and shifting to a focus on reporting to local communities, rather than central government.

### **Reactions to the Localism Bill**

15. Whilst the aim of the Localism Bill – decentralising power and enabling local people to have a greater say in local decisions and services – has been widely welcomed, its provisions have attracted some criticism. In local government circles it has particularly been highlighted that the legislation confers many powers on central government and the Secretary of State, and is as such more centralist than decentralist.
16. Some further reactions to the overall provisions of the Localism Bill include:
  - Welcoming the emphasis on community rights, e.g. to build and to buy and the hope that enshrining these in law will strengthen these, whilst recognising the need to ensure these rights are accessible to all
  - Recognising the significance of granting local authorities a general power of competence to do anything that isn't prohibited by law
  - That it is a positive move to enable local people to have a greater say in neighbourhood planning
  - That it defines localism in a top-down, prescriptive manner, rather than allowing it to adapt to and reflect local needs e.g. the intention to create precise regulations on how neighbourhood planning should work
  - Opposition to the extension of central government intervention in local issues e.g. through the introduction of “shadow mayors” and the constitution of excessive council tax rises
  - Unease around the imposition of referendums e.g. in relation to neighbourhood plans when in some cases these may be unnecessary and are expensive to run

### **Policy implications**

17. The terms of reference for the Democracy Commission phase two have been drawn up within the specific context of current council policies, plans and strategies. The information gathered during the second phase of the commission's

work will provide opportunities for the council to engage in debate with residents and will potentially provide decision makers with new information when developing council policy.

### Community impact statement

18. The aim of the Democracy Commission is to bring the Council closer to its residents, making it more accountable to them and more connected with their concerns. The work of the Commission will be led by the Community Engagement team that has significant experience in leading work of this nature, aimed at improving the voices of local people in decision-making. The engagement activity will be underpinned by principles of equality and human rights (including the new public sector equality duty which comes into force in April 2011) and will reflect the diverse residents of the borough.

### Resource implications

19. The task of the Commission will be to deliver a reduction of £344,000 in the total costs of community councils to take effect from 1 April 2012 as agreed in the council's Policy and Resources Strategy 2011-2014.

### Consultation

20. The work of the commission includes public consultation and involvement: public meetings and conferences, questionnaires, focus group and recording vox pops. This work will be developed and improved upon during phase two.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Democracy Commission Phase 2 reports and agenda	Tooley Street, London, SE1 2TZ	Tim Murtagh 020 7525 7187

### AUDIT TRAIL

<b>Lead Officer</b>	Deborah Collins, Strategic Director of Communities, Law & Governance	
<b>Report Author</b>	Stephen Douglass, Head of Community Engagement	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	No
Finance Director	No	No
<b>Cabinet Member</b>	Yes	No
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