



Decentralisation and the Localism Bill Briefing December 2010

Introduction

On 13th December the government published the Localism Bill setting out plans it says will give communities and local government greater powers and freedom from Whitehall. Alongside the Bill, they also published an 'essential guide to decentralisation' explaining what they wanted to achieve, why and how.

"We will be the first Government in a generation to leave office with much less power in Whitehall than we started with."

David Cameron, *The Observer*, 12th September 2010

The government defines decentralisation as 'giving power back to people and communities'. Their 'essential guide' seeks to make the case for decentralisation and sets out 6 steps they will take to achieving decentralisation (with the Localism Bill as the legal basis for this). They describe this shift as moving 'from big government to big society'.

The government assertion that 'those with power don't usually want to give it away' is the rationale for a centralised programme to make this happen is required (an irony that is acknowledged in the document). Decentralisation is easy to 'pay lip service to' but much harder to achieve in practice, so a number of practical actions are necessary to achieve these goals.

The case for decentralisation

The government states that Britain has become increasingly centralised over the last century. This centralisation, they say, has failed to deliver excellent services, public trust and solutions to social problems such as inequality.

The government predict that decentralisation will be opposed by some who believe the status quo is in their interest, so they set up and knock down the arguments they expect.

The government set out what they believe will be the criticisms that people may have of decentralisation and the arguments to counter them as follows:

Criticism of decentralisation	Why the government says this is incorrect
Decentralisation is just about cuts	This is not, they say, about the amount of spending but who controls it
Local people are incapable of managing public resources	The government suggest that central government is wasteful and inefficient and so shouldn't lecture others on inefficiency.
Nimbys will take over and stop all new development	The only way forward, according to the government, is a planning system led by local communities that they share the benefits of development
Reducing central control will increase the risk of failure	When innovation is locally led, then according to the government, the risks are borne by the local area, unlike failure in a centralised system, which fails everywhere.
Local control will result in a postcode lottery	Different communities will be able to operate in different ways. It will mean differences, but not 'random' as the term 'lottery' implies, says the government.

The gold standard for decentralisation

The guide sets out six actions towards decentralisation, which are held up as a 'gold standard for decentralisation'.

- 1) **Lift the burden of bureaucracy** – removing red tape and regulation that inhibits local action
- 2) **Empower communities to do things their way** – rights for people to get involved

Numbers 1 & 2 are described as the 'most fundamental' to further progress on decentralisation.

- 3) **Increase local control of public finance** – more of a say for citizens over how money is raised and spent
- 4) **Diversify the supply of public services** – more and different public service providers and a 'level playing field' for suppliers that the government suggests will give people more choice and better standards

Numbers 3 & 4 are intended to 'provide resources and choice to sustain progress'.

- 5) **Open up government to public scrutiny** – making government information (data) publicly available

- 6) **Strengthen accountability to local people** – giving citizens the power to change services through ‘participation, choice or the ballot box’

And points 5 & 6 are given as ways for people to take ‘complete control’ in their communities.

A progress report on the actions taken by each government department towards the six ‘essential steps’ will be published by summer 2011. The guide then sets out what actions the government will take (for each of the six themes) through the localism bill.

The Localism Bill

A range of measures are set out in the Bill. These include:

- 1) Require a local referendum to be called where a local authority want to raise council tax above a certain amount. The threshold will be set by the Secretary of State and voted on by the House of Commons.
- 2) Introduce a community right to challenge – giving local people the right have more of a say over public services, particularly challenging local authority run services. Voluntary and community groups, social enterprises, parish councils and frontline workers delivering a service will all be able to bid to take over the running of a service, or to trigger a commissioning process that they can bid for. The Secretary of State will retain the power to change the definition of who has the right to challenge, either extending or limiting its use, in the future.
- 3) Introduce a community right to buy – giving communities the power to save local amenities by bidding to take over their ownership or management. Local Authorities will have to keep a list of public and private assets of value to communities and communities will be able to buy these buildings and land if they are put up for sale.
- 4) Give citizens the right to hold a referendum on any local issue. These referenda will not be legally binding, but the local authority will be required to take the result into account, but not necessarily to act on the decision.
- 5) Introduce a ‘general power of competence’ for local authorities – allowing councils to do anything that is not specifically forbidden by law (rather than the current system that only allows them to do things that are specifically allowed by law).

- 6) Local authority governance and directly elected mayors – councils will be able to return to the committee system (from the current cabinet system). Referenda will be held on whether to introduce directly elected mayors in 12 English cities in May 2012 (subject to the Bill becoming law). The 12 cities are; Birmingham, Bradford, Bristol, Coventry, Leeds, Leicester, Liverpool, Manchester, Newcastle, Nottingham, Sheffield and Wakefield. Prior to the referenda the leaders of these councils will become ‘shadow mayors’ and be given mayoral powers.
- 7) End the ‘predetermination rules’ that limit the role of councillors on local (ward) issues. Councillors will be given, through the Bill, assurance that they can campaign, discuss and vote on all local issues.
- 8) The Standards Board – which regulates local authority standards committees – will be abolished. It will become a criminal offence to withhold or misrepresent personal interest.
- 9) Require local authorities to publish annually the details of pay for their chief executives and senior staff (as well as every item of expenditure over £500).
- 10) Abolish regional strategies and regional planning targets – which the Secretary of State had already announced would be going.
- 11) Require local authorities to reallocate some of the money raised through the Community Infrastructure Levy back to the neighbourhood where local development is taking place.
- 12) Neighbourhood planning – giving local people the right to produce their own neighbourhood plans to shape the development that happens in their area. Communities will be able to proceed with local development without the need for a planning application.
- 13) Planning reform - the powers of planning inspectors to re-write local plans will be limited and changes to the plans will only be suggested at the request of the local authority.
- 14) Establish a community right to build – where at least 50% of the community support the proposals through a referendum, local people will be able to approve local development without the need for planning permission.

Communities will have to find land, finance and support for their proposals, but the government will 'put in place arrangements to provide help and guidance'.

- 15) Duty to cooperate – this is intended to ensure local authorities and public bodies cooperate, particularly at a regional level, with the abolition of regional strategies.
- 16) Pre-application consultation – developers will be required to consult local people before planning applications are submitted (for very large developments). Developers will need to take account of local opinions from the consultation in finalising their planning applications.
- 17) Abolish the Infrastructure Planning Commission (IPC) – decisions on major infrastructure projects, like power stations and transport projects, will be taken by Ministers and formal planning guidance (National Policy Statements) will have to be approved by Parliament.
- 18) Local authorities will be given greater control over housing waiting lists – though rules on who is eligible will continue to be decided by central government. Local authorities will be able to remove people who are 'not in priority need' from their waiting lists.
- 19) Homeless people will no longer have a right to social housing – the current rights under the homelessness duty means homeless people can remain in temporary accommodation until social housing becomes available. Local authorities will in future, be able to end their responsibilities under the duty with the offer of private rented accommodation.
- 20) Local authorities will be allowed to limit social housing tenure – lifetime tenancies for social housing will no longer be required and fixed term tenancies will be allowed at the discretion of the local authority.
- 21) Council housing finance reform – the Housing Revenue Account will be changed to give councils greater local control. Local authorities will be allowed to keep the income from their rents to fund housing maintenance.
- 22) Introduce a new national Homeswap scheme – this will make it easier for social housing tenants to swap homes with other tenants.

23) Abolish the Tenants Services Authority (previously announced) and transfer its role to the Homes and Communities Agency. There will also be changes to handling complaints from tenants – with the two current systems being merged into one social housing ombudsman.

24) Home Information Packs (HIPs) to be scrapped – the requirement for people selling houses to provide these reports has already been suspended. The legislation will formally abolish them.

In the Essential Guide to Decentralisation, the government says it wants to go beyond these initial measures in the future; ‘over time we will assess and extend these new democratic rights’.

Although not a formal consultation, the government welcome ideas from anyone on ways to extend decentralisation further in the future. Any insights or examples should be sent to: decentralisation@communities.gsi.gov.uk

Further information

Decentralisation and the Localism Bill: an essential guide -

<http://www.communities.gov.uk/publications/localgovernment/decentralisationguide>

The full text of the Localism Bill is in two parts. Part 1 sets out the Clauses (and is 184 pages) and Part 2 sets out the Schedules (247 pages). Both documents can be found here - <http://services.parliament.uk/bills/2010-11/localism/documents.html>

A media background note to the Localism Bill has also been produced - <http://www.communities.gov.uk/documents/newsroom/word/1795339.doc>

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