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To: Corporate Policy Overview and Scrutiny Committee  
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Subject: Decentralisation and the Localism Bill

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## Introduction

1. (1) The Coalition Government issued its eagerly awaited Localism Bill on 13 December 2010. The Bill makes the case for a radical shift of power from the centralised state to local communities.

(2) The Localism Bill provides the legislative foundation for change to deliver decentralisation down through every level of government to every citizen.

**“We will be the first Government in a generation to leave office with much less power in Whitehall than we started with. Why? Because we feel the importance of this in our heads as well as our hearts.**

**“There’s the efficiency argument – that in huge hierarchies, money gets spent on bureaucracy instead of the frontline. There is the fairness argument – that centralised national blueprints don’t allow for local solutions to major social problems. And there is the political argument – that centralisation creates a great distance in our democracy between the government and the governed.**

**“But we feel it in our hearts, too. We are optimists. We believe that when people are given the freedom to take responsibility, they start achieving things on their own and they’re possessed with new dynamism. Multiply this transformation by millions of people and you’ll get an idea of why we are so passionate about this power shift.”**

David Cameron, *The Observer*, 12 September 2010

(3) In addition to the Bill the Government has published *Decentralisation and the Localism Bill: an essential guide*. It sets out six actions central government will need to take to do things differently - in behavior, expectation, and culture, which must go alongside the changes in law proposed in the Bill.

(4) They are to:

\* **Lift the burden of bureaucracy** - by removing the cost and control of unnecessary red tape and regulation, whose effect is to restrict local action;

**\*Empower communities to do things their way** - by creating rights for people to get involved with, and direct the development of, their communities;

**\*Increase local control of public finance** - so that more of the decisions over how public money is spent and raised can be taken within communities;

**\*Diversify the supply of public services** - by ending public sector monopolies, ensuring a level-playing field for all suppliers, giving people more choice and a better standard of service;

**\*Open up government to public scrutiny** - by releasing government information into the public domain, so that people can know how their money is spent, how it is used and to what effect; and

**Strengthen accountability to local people** - by giving every citizen the power to change the services provided to them through participation, choice or the ballot box.

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## **What are the Highlights of the Localism Bill**

2. (1) ***Devolving significant new powers to councils*** - In a major transfer of power from Whitehall to town halls, Councils will be freed from bureaucratic constraints with new freedoms and flexibilities to act in the best interests of their area. Councillors will have to approve and be required to publish new chief executive pay rules at full Council that management will have to follow. Councillors will no longer be prevented from voting on campaign issues; and there will be a new power to create directly elected mayors in 12 cities giving residents a say in a strong democratically elected leader;

(2) ***Establishing powerful new rights for local people and communities*** - powers for councils are accompanied by greater powers for local people to hold their local authorities to account. Local people and communities' will have real power and a bigger say over their area through a new right to challenge to take over services; a new right to bid to buy local assets such as libraries, pubs and shops; a new right to veto excessive council tax rises through a referendum. Bin tax laws repealed;

(3) ***Radically reforming planning*** - Ministers believe the current planning system is too centralised and bureaucratic, too adversarial and remote from the communities it affects. The Bill will restore democratic and local control over planning by replacing the Infrastructure Planning Commission with an efficient and democratically accountable system for major infrastructure. The Bill will enable regional planning to be swept away and in its place neighbourhood plans will become the new building blocks of the planning system where communities have the power to grant planning permission if a local majority are in favour;

(4) ***Making housing fairer and more democratic*** - The Bill will return decision-making powers on housing to local councils and communities through a new Community Right to Build giving communities the freedom they need in order to come together to build new homes & amenities in their towns & villages. Home Information Packs will be formally scrapped. The Bill will put councils in charge

of allocation and tenure of social housing, giving councils the flexibility to use their social housing stock to the maximum effect and reduce waiting lists., It will be easier for social tenants to relocate through a new National Homeswap Scheme, and councils will be able to offer flexible solutions to people at risk of homelessness. The Housing Revenue Account Subsidy System will be replaced with a more transparent system that serves local communities. Tenants will be able to scrutinise the services offered by their landlords and hold them to account. The Tenant Services Authority will be abolished but its vital economic regulation functions will be preserved;

(5) ***Creating powerful incentives for economic growth***- The Bill will give local government a stronger financial stake in the local economy, helping rebalance the economy, so it is more entrepreneurial and attracts local business by allowing local authorities to grant discretionary business rate discounts; making small business tax breaks easier take advantage of; giving affected businesses a greater say in rate supplements and cancelling certain backdated business rates including port taxes

### **From Big Government to Big Society**

3. (1) The big unanswered question is how will the shift from Big Government to the Big Society be achieved and how do you define what the “Big Society” is.

(2) In simple terms the Government is describing what happens whenever people work together for the common good. It is about achieving our collective goals in ways that are more diverse, more local and more personal.

(3) The Government has indicated that the best contribution it can make is to devolve power, money and knowledge to those best placed to find the best solutions to local needs: elected local representatives, frontline public service professionals, social enterprises, charities, co-ops, community groups, neighbourhoods and individuals.

#### *Driving decentralisation*

(4) The Government is therefore committed to decentralisation, which is the biggest thing that government can do to build the Big Society.

(5) However, the Government recognises that one of the biggest challenges is those who have the do not usually want to give it away. So the irony of decentralisation is that it requires a determined programme to ensure that power is given away to the lowest level.

#### **Recommendation**

4. The Committee are asked to note the report.