

Welcome to the latest issue of Governance Matters.

This is a special issue focusing on the details of the Localism Bill, and its implications for Leeds City Council. In this issue we will take a look at most of the subject areas in the Bill, and give you an overview of the timescales involved.

For more information about the Localism Bill, please visit the [Communities and Local Government website](#).

We hope you find the information helpful and interesting. You can play your part by emailing suggestions for articles to cxd.corporategovernance@leeds.gov.uk

Front Page News...

Summary of the Localism Bill

The Bill is part of the government's 'Big Society' agenda and seeks to empower local authorities by making changes to the way in which they operate. The Bill will devolve greater powers to councils and neighbourhoods and give local communities more control over housing and planning decisions.

The main provisions relating to governance issues and community empowerment 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
- 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.

Progress of the Localism Bill

The Localism Bill was presented to Parliament on 13th December 2010, had its second reading on 17th January 2011 when it was committed to a Public Bill Committee. The Bill is expected to receive Royal Assent by the end of 2011, and to come into force early in 2012. Any secondary legislation (such as Regulations) is also expected to be completed by April 2012. For more information about the progress of the Bill, please visit the [Parliament website](#).

Spotlight on...

Local government and community empowerment in the Localism Bill

The Bill proposes a new **general power of competence** for Councils. This new power would replace the well-being powers available to councils under the Local Government Act 2000. The Government intends that the new power will give councils the power to take any action in the best interests of their communities, even if the specific power is not set out in legislation. Unless the proposed action is against the law or involves raising taxes, it will be possible under the general power of competence. In a press release, Grant Shapps MP, Minister for Housing and Local Government stated that the general power of competence means "councils can do whatever they want as long as it meets what residents want and is legal".

The Bill proposes to make **changes to the governance arrangements** of local authorities, by allowing them to return to the committee system of governance. However, if enacted, the Bill will also allow the Secretary of State to change existing governance arrangements in the 12 major cities in England. These have been identified as Birmingham, Bradford, Bristol, Coventry, **Leeds**, Leicester, Liverpool, Manchester, Newcastle upon Tyne, Nottingham, Sheffield and Wakefield. The Secretary of State will order that these authorities change from their current leadership arrangements, in

Leeds' case a Leader and Cabinet, and instead adopt an elected mayor model with the existing Leaders becoming **Shadow Mayors**. A referendum on whether to have an elected Mayor would take place in May 2012, and if the results of the referendum show that the majority of residents approve of having an elected Mayor, elections for the position would take place in May 2013 using the supplementary vote system. If the people of Leeds choose to have an elected Mayor in May 2012, Leeds City Council may not hold a further referendum to amend its governance arrangements.

JARGON BUSTER - SHADOW MAYORS

Once the Bill has received Royal Assent and the Secretary of State issues the relevant Order, the Leader of Leeds City Council will become a Shadow Mayor, until:

- the people of Leeds vote against having an elected Mayor in the referendum in May 2012; or
- the Mayor is elected in May 2013, if the people of Leeds vote in favour of an elected Mayor in May 2012.

A Shadow Mayor is to be treated as Mayor for almost all purposes, having the same powers and responsibilities. More details of a mayor's powers will be explained during the parliamentary process of the Bill. However, the Government argue that mayors give local citizens a powerful local leader and figurehead for municipal government, better deliver local economic growth, boost local democratic engagement and enhance the prestige of the city. In addition, the individual holding the position of Shadow Mayor cannot be removed mid-term by resolution of Council.

The Bill proposes to **abolish the Standards Board regime**. This includes the model code of conduct that all councils must adopt and all councillors must agree to abide by, Standards for England – the national regulator, and local standards committees. Instead councils will be able to adopt their own voluntary codes of conduct and establish voluntary standards committees if they wish to. The council will also no longer have a duty towards the Parish and Town Councils in its area, although the council can still choose to offer assistance.

The Bill seeks to impose a new duty on councils to ensure that their members maintain high standards of conduct, and also to introduce a new criminal offence of failing to disclose or register a relevant interest without reasonable excuse. Conviction for such an offence may lead to a fine of up to £5,000 and disqualification from being a councillor for up to five years. Regulations will set out what interests need to be registered and under what circumstances these interests should be disclosed. These regulations will also set out the sanctions which the council could impose on a councillor who has not declared an interest, although these will not extend to disqualifying or suspending a councillor from office.

The Localism Bill contains provisions regarding **pay accountability** for senior staff in local government. Councils will be required to approve and publish annually at full Council a senior pay policy statement which the council will be required to follow

when setting senior pay. Where councils want to depart from the policy, this would have to be referred back to full Council for a vote on the issue.

The Bill proposes to introduce **new measures to increase community empowerment**. These include referendums to approve or reject excessive council tax increases, powers for organisations to challenge local authority service provisions, and powers to enable organisations to bid for community assets when they are up for sale.

The Bill proposes a requirement for councils to hold a **local referendum** on a local issue if certain conditions are met. There are three ways that these conditions can be satisfied in Leeds:

- If a valid petition is received from local people (signed by at least 5% of electors for the area);
- If two or more ward councillors from the same ward within the relevant area for the referendum make a request; or
- If full Council passes a resolution.

The council can decide not to hold a referendum in some circumstances, such as if the requested referendum is about an issue over which the council has no influence. After a referendum has taken place the council must publicise the result together with a decision to take no action (with reasons) or what steps the council will take to implement the result of the referendum.

The Bill proposes to allow the Secretary of State and the House of Commons to agree on a “ceiling” for **Council Tax rises**. If any council proposes to raise taxes faster than this rate, local people will have the right to approve or to veto the rise in a referendum. This means that councils will need to convince local voters of the case for significant rises in local taxes.

The Bill proposes a new right for voluntary or community bodies, parish councils and employees of relevant authorities to make an expression of interest to a council in running a service it provides. This is called the **Community Right to Challenge**. If the expression of interest is accepted, the council must carry out a procurement exercise for the service, which the challenging organisation could then bid in alongside anyone else. Regulations may exclude certain services from the community right to challenge, and may also specify on what grounds such an expression of interest may be refused by a council.

Finally, if enacted, the Bill will require councils to maintain a list of **assets of community value** within their area. Nominations for community assets to be included in the list may be made by parish councils within the area, as well as other people specified in Regulations. The list of community assets must be published, and the council must also keep a list of unsuccessful nominations along with reasons as to why they were not successful. The owner of a listed asset cannot enter into a relevant disposal of the land unless they

have notified the council in writing, a moratorium period has been completed, and the protected period has ended. The Government argues that this provision will ensure that community assets such as libraries and pubs are not closed down just because an authority or other organisation can no longer afford to keep them open, as when listed assets come up for disposal, communities will be given a chance to develop a bid to buy the asset when it comes on the open market.

Social housing reform in the Localism Bill

The Bill proposes to reform the rules around **social housing allocations**. These reforms will allow councils to set waiting list policies that are appropriate to their local area. Transferring tenants will be removed from the allocation rules, meaning that they will no longer have to compete with those on the waiting list for housing need, and resulting in it being easier for them to move and easier for landlords to manage their housing stock.

Under current legislation, people who are experiencing a **homelessness** crisis can insist on being provided with temporary accommodation until social housing becomes available. If enacted, the Bill will allow councils to fulfil their homelessness duty by offering suitable accommodation in the private rented sector without requiring the household’s agreement, so long as the offered accommodation is suitable for the

whole household, and the tenancy is for a fixed term of 12 months or more. The duty would also recur if the person becomes homeless again through no fault of their own within 2 years, and they continue to be eligible for assistance.

The Bill proposes to allow local authority landlords to grant tenancies for a fixed length of two years or more. Currently social landlords are normally only able to grant lifetime tenancies, which does not allow them to review the person's occupation of the property even if their circumstances, and needs, change. These '**flexible**' **tenancies** will allow landlords to manage their housing stock more effectively and ensure the occupation of social housing better reflects actual need.

The Bill proposes to decentralise the system for **subsidising council housing**, so that councils keep their rental income and use it locally to maintain their homes. The Government believes that this will put all councils in a position where they can support their stock and housing debt from their own income in future.

The Bill will provide social tenants with stronger tools to **hold their landlords to account**. Landlords will be expected to support tenant panels, or equivalent bodies, in order to give tenants the opportunity to examine the services being offered. The Bill also proposes to abolish the Tenant Services Authority and transfer its remaining functions to the Homes and Communities Agency. The Bill also proposes to change **the way that**

complaints about social landlords are handled.

Currently, there are two separate ombudsmen (the Local Government Ombudsman and the Independent Housing Ombudsman) handling social tenants' complaints about their landlord. Instead the Bill will give a single watchdog (the Independent Housing Ombudsman) responsibility for complaints about social housing.

Planning reform in the Localism Bill

The Bill intends to **abolish regional strategies**, which the Government believes are to blame for current low levels of development. Instead the Bill plans to impose a new **duty to cooperate** on local authorities and other public bodies, alongside incentives such as the new home bonus and business rates. This new duty reflects the fact that not all planning decisions can be made at a neighbourhood or local level. The Government believes that in many cases there are very strong reasons for neighbouring local authorities, or groups of authorities, to work together on planning issues in the interests of all their local residents. Such as, working together on environmental issues (like flooding), public transport networks (such as trams), or major new retail parks.

The **Community Infrastructure Levy** allows councils to set charges which developers must pay when bringing forward a new development in order to contribute to new infrastructure. The Bill makes provisions

requiring some of these funds to be passed to neighbourhoods where the development has taken place, that funds can be spent on ongoing costs as well as initial costs, and giving councils more control over setting their charging levels.

The Bill proposes to give councils more control over their **local plans**, and **strengthen planning authorities' powers to tackle abuses of the planning system**, such as making deliberately misleading planning applications.

The Bill plans to introduce a new right for communities to draw up a **neighbourhood development plan**. Neighbourhood planning will allow people to come together through a local parish council or neighbourhood forum and say where they think new houses, businesses and shops should go and what they should look like. These neighbourhood development plans could be very simple, or go into considerable detail. Local communities would also be able to grant full or outline planning permission in areas where they most want to see new homes and businesses, making it easier and quicker for development to go ahead. Provided a neighbourhood development plan is in line with national planning policy, with the strategic vision for the wider area set by the local authority, and with other legal requirements, local people will be able to vote on it in a referendum. If the plan is approved by a majority, then the local authority will bring it into force. The Government intends that local planning authorities will be required to

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provide technical advice and support as neighbourhoods draw up their plans, and that the Government will fund sources of help and advice for communities.

As part of neighbourhood planning, the Bill intends to give groups of local people the ability to bring forward small developments through the **Community Right to Build**. These might include new homes, businesses and shops. The benefits of the development, for example, profits made from letting the homes, will stay within the community.

Finally, the Bill intends to introduce a system of **pre-application consultation** which will require prospective developers to consult local communities before submitting applications for very large developments. Developers must have regard to any opinions raised during this consultation when making any changes to their proposals before submitting their application.

Further information

For further information about any aspect of the Localism Bill, please visit the [Communities and Local Government website](#).

THE NEXT ISSUE OF GOVERNANCE MATTERS

We hope you have found this issue of Governance Matters useful.

If you have any questions you would like answering, please contact the Corporate Governance Team on 0113 39 50261 or email us at cxd.corporategovernance@leeds.gov.uk

