Localism and the Localism Act: where are we now?

LGIU Webinar

25 November 2013
What we will cover in the webinar?

• Setting Localism and the Localism Act within the wider context of Government policy.

• What has been the impact of the Localism Act since its passage in 2011?

• What is the impact on the role of elected members?
Setting Localism in a wider context
Context: the link between the ‘Big Society’ & the Localism Act

Decentralisation – giving away power to individuals, professionals and communities

- Right to Challenge
- Right to Bid
- Neighbourhood planning

Big Society - people, neighbourhoods and communities have more power and responsibility and use it to create better services and outcomes
The benefits of community engagement

• Services: address needs more effectively
• Increase access to local resources
• Use specialist expertise and relationships
• Gain more lasting impact
• Build 'social capital' and community capacity
• Strengthen democracy and active citizenship

Work. Dishes. Dressing the kids. Now he wants you to run the school and hospital as well.

What exactly will he be doing?
What’s happened?

- Key advocates have moved on…
- Volunteering levels have decreased
- Centralization alongside localism - (e.g. education)
- Charitable spending has been reduced

Sir Stephen Bubb, chief executive of the Association of Chief Executives of Voluntary Organisations, wrote to the prime minister warning that the big society label is "effectively dead".
Big Society elements of ‘Localism’.

Big Society – examples of programmes:

• Community First - £80 million to fund new and existing groups - £30 million for matched funding

• Big Society Capital (Bank)

• Community Organisers programme
Big Society Capital

First annual report:

• By the end of 2012 they had committed £56 million to 20 intermediary organisations

• In the coming year they aim to commit £75-100 million in up to 20 new investments.
Community First

By summer 2013:

• 600 local panels set up
• £12.5 million distributed
• Grants on average £1000
• 2 million hours of volunteer time generated by the scheme
• Runs until March 2015

Update available on  www.cdf.org.uk
Community Organisers

- The programme was set up to recruit and train 500 senior Community Organisers, along with a further 4,500 part-time voluntary organisers, over four years.

So far:
- Approx 350 trained
- Paid for 51 weeks
- ‘Hosted’ by voluntary organisations and community enterprises
- No evaluation yet
Community Organisers

The role of a Community Organiser is to:

- listen to local people
- support people to develop their power to act together for the common good
- help people take action on the local issues that are important to them

The work of the Community Organisers is community-led. This means that priorities are set by local people, not the organiser. The training Community Organisers get gives them the skills they need to do this.

From the CLG website
Big Local Lottery scheme

• 150 areas across England chosen to receive £1 million to spend over ten years

• Administered by the Local Trust; must be ‘additional’ to local public service spending.

Aim: to support local people to contribute to making the area an even better place to live.
Big Local areas and councils

• Relationships between Big Local and Councils are very mixed.

• Some councillors are very active and supportive, some have chosen not to be involved and some turn up occasionally to meetings but do not appear to fully engage with the conversations.

• Council workers, such as housing officers or community action officers offer great support to areas and are seen as a great resource by residents, but this does not necessarily improve the relationship with the council that they are representing.

Source: Interviews and focus groups with residents and key others involved in a sample of 14 Big Local areas.
Context: funding projections 2010 - 2020
This is what we would once have called a funding shortfall
Now about reshaping the State

• David Cameron’s Mansion House Speech autumn 2013:

- budget reductions to continue after tackling the structural deficit to shape “a leaner, more affordable State that delivers better results for the taxpayer”
Also about choice:
‘Open Public Services’ White Paper’

• Presumption toward choice in the provision of services at the lowest level
• Commissioning services (not running them)
Easier said than done?

• Michael Gove has cut administrative staff by 40% in the department of Education – creating 3000 free schools and academies.

• NAO report £1bn overspend of additional costs to expand academies programme.
So when the State shrinks does it look like this....?
Or this......?
Localism: bigger than the ‘Localism Act’

Example: Welfare Reform & Finance
Welfare reform: Localisation of Council Tax Benefit & impact on low income households (NPI)

2 million working-age families claiming CTB are already in poverty - and most are in deep poverty

- Below 50% of median income: 1.5 million
- 50% to 60%: 0.4M
- 60% to 70%: 0.3M
- Above 70%: 0.7M

Below the poverty line

Above the poverty line
Most CTB claimants will be paying between £2 to £5 more per week in tax, but some will be paying much more.
Breakdown of scheme components

1. Minimum CT payment
2. Reducing/removing 2nd adult rebate
3. Changing non-dependent deductions
4. Lowering the max savings limit
5. Introducing a band cap
6. Reducing/removing back-dating
7. Minimum CT payment to claimant
8. Counting other benefits as income
9. Changing the income taper
10. Make no change
Finance: the Change Timeline

2012/13
- HRA “Buy-out”
- New Homes Bonus (Yr. 2)

2013/14
- Business Rate Retention
- “Community Budgets”
- Council Tax Benefit reform
- Tax Increment Financing

2015/16
- First year of new spending Review
Localising responsibility for funding local services

- The New Homes Bonus
- Local Business Rate Retention
- Community Infrastructure Levy
- Local Enterprise Partnerships (LEPs)
- Tax Increment Finance (TIF)
- ‘City Deals’ / Heseltine Review
- Council Tax & ‘Democracy Dodging’.
Implications of Business Rates based local government

- Dover District Council – closure of Pfizer
  - loss of 2400 jobs and half of the town’s business rates (2011)
  - loss of equivalent to 4-5% on council tax; cuts to services and a council tax increase.
Community Budgets:

- Pilots – neighbourhood and ‘whole place’
- National Audit Office – possible savings over five years of between £9.4bn - £20bn
- Tracking the ‘citizen experience’
- Co-production model between central and local partners.
- March 2013 – launch of Public Services Transformation Network (9 roll-out areas)
Community Budgets:

• CLG Select Committee 2013/14 session
  - tangible benefits through a framework agreement involving Government; Local Government & partners.
  - Neighbourhood (‘Our Place’) areas – improved outcomes rather than big savings should be the focus

http://mycommunityrights.org.uk/ourplace/
LGIU/MJ annual survey on local government finance

- Survey of 130 councils
  - 80% want the freedom to set council tax locally rather than another ‘deal’
  - 45% wanted to see additional taxes localised
  - 90% not intending to employ TIF
  - 80% Community Infrastructure levy would not offer benefits.
Questions and discussion
What has been the impact of the Localism Act since it’s passage in 2011?

Focus on ‘Community Rights’
A plain English guide to the Localism Act
Localism Act

- Introduced on 13th December 2010
- Passed final Commons stage 7th November 2011 and Royal Assent 15th November with key implementation April 2012 onwards
- Touches all areas of council activity
Different views of the Localism Act

“I think it is reasonable that councils shouldn’t use their new found freedom to saddle up the horses, arm their citizens and invade France. Apart from that, the world will be your oyster”.

Localism: What sort of hand is local government holding?
Different Views of the Localism Act

‘The Localism Act is conditioned by the dominant centralist culture of central government... it could as well have been called the Centralism Act’

George Jones & John Stewart ‘The World will be your Oyster’ Reflections on ‘The Localism Act 2011’
Localism: What sort of hand is local government holding?
Familiar, but deceptive language?

‘local’; ‘localism’; ‘choice’; ‘community’; ‘accountability’; ‘freedom’; ‘decentralisation

Has different applications to different parts of ‘Localism’.
The General Power of Competence
Empowering councils to make a difference
General Power of Competence

Enables councils to do things:

• An individual may generally do
• Anywhere in the UK or elsewhere
• For a commercial purpose or otherwise, for a charge or without a charge
• Without the need to demonstrate to benefit the local authority area.
General Power of Competence

‘The reason why the general power of competence is so important is that it turns the determination requirements on their head. All those fun-loving guys who are involved in offering legal advice to local authorities, who are basically conservative, will now have to err on the side of permissiveness. That is a substantial change …’.

*Eric Pickles – second reading of the Localism Bill, 2011*
General Power of Competence
Case Studies

Oxford City Council – school improvement
Newark & Sherwood - £2million Think Tank
Business investment in Growth fund.
Hertfordshire CC – Local Authority Mortgage Scheme
Stoke on Trent – Green energy.
Limitations

The GPC will not:

• Provide councils with tax raising powers
• Enable councils to set charges for mandatory services, impose fines or create offences or byelaws, over and above existing powers to do so
• Override existing legislation in place before the Localism Act 2011, so called ‘pre-commencement’ limitations.
• Limits on company structures where things are done for commercial purposes.
Community Rights:

£30 Million available to support ‘communities’
Community Right to Challenge
Right to Challenge:

- 29 organisations in the process of Challenging, of which
- 22 formally submitted EOIs, of which
- 12 have run their full course, of which
- 2 were accepted and are going for tender, 9 were rejected, and 1 was withdrawn early by the applicant.
- More generally, evidence of better relationships – co-operation better than challenge.

Information from www.mycommunityrights.org.uk
Issues (I)

- Voluntary and third sector relationships?
- ‘Employee Mutuals’
- ‘Relevant and Non-Relevant bodies’
- Moving the goal posts
Issues (2)

- Grounds for refusal
- ‘Social Clauses’ /Social Value Act 2012
- In-house services
- Best Value & Performance data.
Right to Bid
The Right to Bid

- The aim is to make it easier for community groups to take over buildings and land.

- Already councils can transfer assets to community groups

- The Act aims to broaden this to properties that are privately owned and owned by other public bodies
Right to Bid:

• 778 attempts to nominate an Asset of Community Value, of which
• 558 successfully listed (i.e. accepted as ACVs by the local authority)
• Still too early in the process to have much case experience of people going through the full process of purchase.

Information from www.mycommunityrights.org.uk
Localism and Neighbourhood Planning

Context
Finance: ‘self funding’ – driving growth

- Reform of the funding of local government (from 2013) predicated on individual local authorities driving growth
  - Community Infrastructure levy
  - New homes bonus
  - Reform of Business Rates
  - Discretionary RSG

Stability of the system to fund services?
Building blocks

**National Planning Policy Framework (NPPF)**
- Fully effective April 2013
- A presumption in favour of sustainable development
- Takes precedence where local plan is ‘absent, silent or out-of-date’

**Local plans**
- Must comply with NPPF to be sound
- Includes demonstrating up-to-date evidence of assessing housing need and of fulfilling Duty to Cooperate
- Plan subject to viability testing

**Neighbourhood plans**
- Comply with local plans
- If being prepared concurrently then LPA and parish/forum should ‘aim to agree’ relationship between policies in plans
- A tool to shape rather than resist development
National Policy Planning Framework

• Possible tensions: Localism (neighbourhood planning) v ‘presumption in favour of ‘sustainable development’

• ‘Muscular localism’ – relaxation of Planning regulations – extensions/ affordable housing; threats to remove local authority planning functions.
Neighbourhood Planning

• Gives a new right for communities to draw up a ‘neighbourhood development plan’

• Is a part of the Big Society initiative to make decisions in communities more open
Activity: Responsibilities of elected members in N.P.

- Manage expectations
- Communicate
- Represent
- Mediate
- Understand resource implications
- Recognise the long haul
Neighbourhood planning progress

500+
Number of parish/town councils and designated forums preparing neighbourhood plans

4
Number of neighbourhood plans passed by community referendums

3
Number of adopted neighbourhood plans
Neighbourhood Planning

“All the experience to date is that those coming forward to start neighbourhood plans are mainly wealthy, professional types in many rural communities. Less advantaged communities cannot get off the starting blocks”.

Key issues relating to ‘community rights’

• Unknown demand and cost (rights to challenge, assets, planning referenda)
• Unrealistic expectations? (no pubs close, no new supermarkets, no local development)

Crucial to manage expectations for all community rights & assess the resource implications
Questions and discussion
What is the impact on the role of elected members?
‘Keeping the Picket Fence Painted’
New roles for Front Line Members?

Need for a new emphasis, acting as *community leaders*, created by, for example:

- new opportunities linked to Localism
- working more closely in partnerships
- building strengths in communities to take initiatives, tackle problems and provide services
- ‘Nudging’ citizens: ‘servants of the people?’
The roles of front line Members as community leaders – a ‘menu’

- Making things happen
- *Involving communities*
- Enabling decision-making
- *Building bridges*
- Developing long term relationships
- *Building local leadership*
Does the future of Local Government look like this?
A new role for elected members?
Current accountability

Direct service

Members

Contracted service

Partnership agreement

User
Future accountability?

Members?

Regulator?

Shareholders

Service 1 (national firm)

Service 4 (national charity)

National Trustees

Indicators?

Local board / trustee

Service 2 (local voluntary)

User

Service 3 (local firm)

Sole Owner
New skills & new roles for councillors?

- As a ‘commissioner’ of services
- Contractor
- Partnership builder and co-ordinator
- Scrutinizer
- ‘Facilitator’
- Community champion and advocate
- Monitor of ‘council contracts’ with local citizens.

Review of member training needs and support
Questions and discussion