



The Localism Bill – a London View

After a period of extensive trailing, the Localism Bill (the “Bill”), introduced to Parliament yesterday, contained few surprises. From a London business perspective, the Bill is broadly favourable with greater powers being devolved to the Mayor. However, there are a number of areas of concern, focusing on the greater role of local community groups in the planning process which could hinder London’s ability to grow.

As a first step, London First has arranged a session with Richard McCarthy, Director-General of Housing and Planning at Communities & Local Government, on the 13th January to discuss the Localism agenda. (Contact bchester@londonfirst.co.uk if you would like to attend)

Planning

As expected, the changes to the planning system are in line with the Conservative Party’s ‘Open Source’ Green Paper:

Structural changes:

- Regional Strategies have been abolished (the London Plan remains)
- The Infrastructure Planning Commission (“IPC”) has been folded into the Planning Inspectorate
- National Policy Statements will now need parliamentary approval prior to adoption.
- Transfer of national infrastructure decisions to the Secretary of State from the IPC.

Neighbourhood plans

The Bill also introduces the new concept of ‘neighbourhood plans’ which will allow communities to shape development plans in their neighbourhood. This could potentially frustrate development projects, but the expense of the process and the requirement for the neighbourhood plan to be in conformity with existing local plans and national planning policy does provide a safety net.

A more detailed brief on the planning and development issues covered in the Bill will follow in due course.

Housing

Housing and regeneration

As anticipated, the role of the Homes and Communities Agency (HCA) in London will be transferred to the GLA. This provides the Mayor and the GLA greater decision making powers over the London housing strategy. With the overall budget being reduced for the HCA and the allocation of this currently taking place it will be important to ensure London is adequately resourced.

Financing

The Bill provides for the reform of the Housing Revenue Account Subsidy System and provides greater flexibility for councils to set their housing allocation and tenancies policies. These reforms pave the way for the introduction of the 'Affordable Rent' model on which more information will be published in the HCA framework document next year. The key issue to assess it to what extent these reforms provide a framework for greater housing investment.

Local financing

Community Infrastructure Levy ("CIL")

As already trailed by the government, changes have been made to the CIL, the most significant of which will allow a proportion of the money raised by the levy to be passed to community groups to be spent in accordance with their local priorities. However, this will not apply to the London Mayoral CIL which will be used solely to help fund Crossrail.

Business Rate Supplements ("BRS")

A ballot will become a requirement of the BRS process for future projects which should provide additional protection for businesses.

London Governance

Delegation of powers

As part of the broader devolution agenda, the Bill provides for Ministers (in agreement with the Mayor) to delegate any of that Minister's eligible functions (those not providing legislative or fee/charge fixing powers) to the Mayor, paving the way for greater decision making to take place at the London level. However, such delegation can be revoked at any time by any Minister which could result in uncertainty regarding where long term decision making powers will lie.

While the Bill provides for the devolution of decision making powers, it does not devolve tax raising powers. With the Local Government funding review due in January 2011, London First will be working with members to determine the best approach for London business.

Economic Development and Regeneration

Abolition of the LDA

The Bill provides for the already announced transfer of the LDA functions into the GLA. The Bill sets out the requirements for the Mayor's Economic Development Strategy ("EDS") however at present there are no resources allocated to this. It is important that key roles formerly undertaken by the LDA, such as the promotion of London and the Olympics are adequately resourced going forward.

Mayoral Development Corporations (MDCs)

The Bill provides for the Mayor to designate any area of land in Greater London as a Mayoral development area (subject to certain criteria) and, following notification, for the Secretary of State to establish a MDC for each area. The Mayor may then decide that the MDC is to be the local planning authority for the whole or any portion of the area. This structure provides an important transfer of powers to the Mayor, facilitating greater opportunity for a strategic, London-wide regeneration policy,

specifically in key London areas such as the Olympic boroughs. While the powers of the MDCs are set out, the funding is not. If the MDCs are to deliver then they will need to be adequately resourced.

“Big Society”

There are a number of new powers introduced in the Bill which are part of the government’s attempt to shift power away from central government to communities and local authorities. For example, local authorities will be required to maintain a list of community assets as nominated by either the community or the local authority, with the latter determining if they make the list or not. As a result of the listing, the asset cannot be sold without notification to the local authority or a designated period of time elapsing to allow a potential bid from a community group. How community groups use this power will have to be monitored as it could become a mechanism used to deliberately frustrate development.

Other new powers of note contained in the Bill include:

- Changes to the predetermination rules that will allow councillors to express an opinion on a matter prior to its determination - particularly relevant to planning applications.
- The right for a local referendum to be held if certain requirements are met such as 5% of the local electorate sign a petition calling for a referendum (applies to both the boroughs and the GLA) and includes the opportunities for referendums on council tax increases.
- A “community right to challenge” whereby voluntary or community groups (not for profit) can express an interest in running a local service and must receive a response from the relevant authority about whether or not they accept or reject the approach. This could open up opportunities for business in terms of providing key local services on a not-for-profit basis in order to ensure the smooth running of their broader operations.

All of these powers could make the boroughs and the GLA more accountable to their electorate but what is less clear is the level of appetite of Londoners to exercise these powers.

Alongside the changes listed above, the Bill also provides councils with a general power of competence allowing them to do anything that is not prohibited by law.

For more information please contact:

Jane Archer

jarcher@londonfirst.co.uk

tel 020 7665 1426