

## Eco Bicester Strategic Delivery Board

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| <b>Date of meeting: 20 January 2011</b>   | <b>AGENDA ITEM<br/>NO:<br/><br/>3</b> |
| <b>Report title: Updates: The Decentralisation and Localism Bill and The New Homes Bonus</b>  |                                       |
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### 1. Purpose of Report

The purpose of this report is to provide brief updates for the Strategic Delivery Board on 2 recent initiatives emerging out of the coalition government, which will be relevant to the delivery of Eco Bicester.

The report is in 2 parts. The main part will cover the Decentralisation and Localism Bill, to highlight its aims and underlying principles and to set out the key elements of the Bill. These are to be regarded as initial observations only, given that the Bill will undoubtedly have some amendments made as it progresses through Parliament and also because a more detailed report on the implications of the Bill for Cherwell District Council as a whole, will be taken to the Council's Executive in due course.

The remaining part of the report will briefly deal with the New Homes Bonus proposals contained in the recently published consultation document from the Department for Communities and Local Government (DCLG).

### 2. Background to Decentralisation and Localism Bill

#### Timescales

The Decentralisation and Localism Bill was presented to Parliament on 13 December 2010. This was the First Reading and there was no debate on the Bill at this stage. The Bill will be on the Order Paper for a Second Reading on 17 January 2011, where it will be debated by MPs.

The Bill will take several months to pass through Parliament while it is debated by MPs, the Lords and their Committees. The Department for Communities and Local Government (DCLG) is aiming for the Bill to achieve Royal Assent by November 2011, although this date could change depending on how long it takes for the Bill to pass through Parliament. Therefore, it could be a year before the a Decentralisation and Localism Act comes into force.

DCLG's "Decentralisation and the Localism Bill; an essential guide" (published December 2010) is attached as an Appendix to this report. The Guide gives a broad overview of the Government's philosophy and intentions which provide the foundations for this Bill.

### Underlying Principles

The Bill is a key plank of the Government's decentralisation agenda, which taken as a whole will result in radical changes in local government. Eric Pickles on launching the Bill, summed up its role as follows:

"The Localism Bill will herald a ground-breaking shift in power to councils and communities overturning decades of central government control and starting a new era of people power.

It is the centrepiece of what this Government is trying to do to fundamentally shake up the balance of power in this country.. ....By getting out of the way and letting councils and communities run their own affairs we can restore civic pride, democratic accountability and economic growth - and build a stronger, fairer Britain. It's the end of the era of big government: laying the foundations for the Big Society."

It is clear from what Eric Pickles says, that the underlying principle of the Bill is the concept of devolving power to local communities and only referring upwards to Whitehall when strictly necessary.

### Aims

The broad aims of the legislation are to:

- encourage and empower community groups to become involved in local decision making - particularly with regard to housing and planning decisions
- decentralise power and strengthen local democracy
- reform the land use planning system
- reform social housing systems
- create incentives for economic growth

## **3. Key Elements of the Decentralisation and Localism Bill**

The Decentralisation and Localism Bill is extremely wide ranging in content. In addition, much of the detail as to how individual elements will be implemented has still to be worked out. The bullet points below aim to give a flavour of the variety of issues the Bill covers - but it is not an exhaustive list.

The provisions relating to councils 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;
- allowing councils more discretion over business rate relief;
- 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.

The planning and regeneration provisions include:

- abolishing Regional Spatial Strategies;

- abolishing the Infrastructure Planning Commission and returning to a position where the Secretary of State takes the final decision on major infrastructure proposals of national importance;
- requiring developers to follow more thorough consultation procedures before submitting applications for large developments;
- amending the Community Infrastructure Levy, which allows councils to charge developers to pay for infrastructure. Some of the revenue will be available for the local community;
- providing for neighbourhood plans, which would be approved if they received 50% of the votes cast in a referendum;
- providing for neighbourhood development orders to allow communities to approve development without requiring normal planning consent;
- giving new housing and regeneration powers to the Greater London Authority, while abolishing the London Development Agency.

The housing provisions include:

- abolishing the requirement to have a Home Improvement Pack;
- reforming the Housing Revenue Account system;
- providing for a new form of flexible tenure for social housing tenants;
- allowing local authorities to discharge their duties to homeless people by using private rented accommodation;
- giving local authorities the power to limit who can apply for social housing within their areas;
- abolishing the Tenant Services Authority and providing for a transfer of functions to the Homes and Communities Agency;
- amending the way in which a social tenant can make a complaint about their landlord;
- improving the ability of social tenants to move to different areas.

#### **4. The New Homes Bonus**

The Housing Minister, Grant Shapps launched the proposals for consultation on the New Homes Bonus on 12 November 2010. The consultation ran for six weeks, ending on 24 December 2010. CLG are intending to review all the responses received so that they can announce the details of the final scheme early in 2011. The intention is that the final scheme is announced alongside the local government finance settlement so that local authorities have clarity when they set their budgets and council tax in March.

##### Aims and Underlying Principles

The New Homes Bonus proposals are a key plank of the Government's drive to reverse the falling house building rates over the past few years. They have noticed that although house building rates have continued to decline, the long term demand for homes is strong. They have also noted the findings of several independent reviews that have highlighted the powerful role that local fiscal incentives could play in driving housing delivery. The New Homes Bonus works on the basis that Councils will be financially rewarded when new homes are built and assumes that this incentive will encourage Councils and communities to welcome new homes, rather than objecting to them.

In essence, the Government is proposing that they will match fund the additional council tax raised when new homes are built or brought back into use, with an additional amount allocated over and above this for affordable homes. The Government has set aside nearly £1 billion for the six year period from 2011/2012 to 2017/2018, with funding beyond that level to come from formula grant. £200 million has been set aside to fully fund the scheme in 2011/2012. It is intended that provisional allocations would be announced in early December with final allocations in early February, so that local authorities could include the grant in their budget setting process in

February. In Year One (i.e. 2011/2012) allocations will be issued as soon as possible after the consultation period. The bonus will be paid through section 31 of the Local Government Act 2003 as an unringfenced grant.

## 5. Consultation Detail

The consultation document poses 13 questions on the key proposals contained in the document. These are listed below as they provide a useful indication of the important elements contained within the document:

- i) Do you agree with our proposal to link the level of grant for each additional dwelling to the national average of the council tax band?
- ii) The Government proposes an affordable homes enhancement of £350 for each of the six years - what do you think the enhancement should be?
- iii) Do you agree with the proposal to use PPS3 and also pitches on Gypsy and Traveller sites owned and managed by local authorities or registered social landlords to define affordable homes?
- iv) Do you agree with the proposal to reward local authorities for bringing empty properties back into use through the New Homes Bonus? Are there any practical constraints?
- v) Outside London: Do you agree with the proposal to split the payment of the New Homes Bonus between tiers: 80 per cent to the lower tier and 20 per cent to the upper tier, as a starting point for local negotiation? If not, what would be the appropriate split and why?
- vi) Do you agree with the proposal to use the data collected on the Council Tax Base form as at October to track net additions and empty homes?
- vii) Do you agree with the proposal for one annual allocation based on the previous year's Council Tax Base form, paid the following April?
- viii) Do you agree that allocations should be announced alongside the local government finance timetable?
- ix) Do you agree with the proposal to reward local authorities for affordable homes using data reported through the official statistics on gross additional affordable supply?
- x) How significant are demolitions? Is there a proportionate method of collecting demolitions data at local level?
- xi) Do you think the proposed scheme will impact any groups with protected characteristics?
- xii) Do you agree with the methodology used in the impact assessment?
- xiii) We would welcome your views on the proposed New Homes Bonus, particularly where there are issues that have not been addressed in the proposed model?

Obviously there is much detail still to be established, but a general observation is that given the demise of the Housing and Planning Delivery Grant, together with the wider cuts to public sector finance, the degree to which this actually a "bonus" for local areas is unknown. Instead it could represent an attempt to redistribute funding with housing delivery as a major determinant. Its true impact will need to be assessed alongside the wider family of incentives set out in the Local Growth white paper published in October last year, as well as the proposed reforms to the planning system set out in the Decentralisation and Localism Bill.

## **6. Conclusions**

The Decentralisation and Localism Bill is a historic reforming Bill with major implications for key areas of local authority service delivery, but perhaps most significantly, for housing and planning. It will undoubtedly have an impact on how NW Bicester is delivered and how it functions as a community in the future. However much of the precise detail will be contained in regulations, which should be issued on the day the Bill gets Royal Assent.

Similarly, the New Homes Bonus could have far reaching implications for local government finance as well as housing and supporting infrastructure delivery at the local level (including for NW Bicester), although the precise detail of how it will work has still to be finalised. In the meantime, the Eco Bicester Project Team will keep a watching brief on the progress of both initiatives and report any further relevant and significant developments to the Strategic Delivery Board as necessary.

## **7. Recommendation**

The Strategic Delivery Board is asked to note the contents of this report.