

Localism - an overview

Briefing Note

Part 1 of 3 on Localism

January 2013

This is the first in a series of briefings looking at the Localism Act which aims to shift power from central government to local authorities.

The Localism Act was enacted November 2011 and is opening up opportunities for community groups, including social ventures, to run local services and assets, and to bid to own local buildings.

Localism is at the core of what the government is trying to achieve. Communities know their areas best and that is why they are pushing power back to neighbourhoods and away from Whitehall and town halls.

The Localism Act

The Localism Act received royal assent in November 2011. VONNE followed news of the bill on its journey through parliament. Since that time talk has shifted from localism as a general concept with the focus falling now on the particular parts of the act.

Localism is driven by a belief that local people can do a better job of looking after their local communities than officers in town halls and Whitehall departments. The recent legislative changes actually began under the previous New Labour administration which may be why the bill received comparatively little criticism as it passed through parliament.

The end result however has been to shift some of the burden of responsibility from local authorities to local communities who report directly to Whitehall. This has led some commentators to say that the provisions of act are centralising, moving powers from local authorities to Whitehall and hence refer to it as the "Centralism Act".

The Act focuses on four main areas:

1. a flexible local government
2. a shift in power from government to communities
3. simplification of the planning system to make it responsive to neighbourhood wishes, and
4. reform of the social housing sector.

The Localism Act gives councils freedom through:

- General power of competence to act within local needs. This allows them to operate businesses. Previously there has been some debate as to whether local authorities had the power to trade i.e. to offer goods and services for sale for profit. The general power of competence clarifies this once and for all, so freeing councils to trade in the same way as companies.
- Local Authorities now have more discretion over business rate relief and can use this discretion to stimulate business activity in areas of low growth. This however, is not a straightforward as it may seem and has been criticised by ANEC among others.
- Choice to return to the committee system of governance. The recent move to referendums for elected mayors was largely unsuccessful.
- Replacing the Standards Board regime and the model code of conduct with local accountability, and making it a criminal offence to fail to declare personal interest

- Powers to save local facilities and services threatened with closure, giving voluntary and community groups the right to challenge local authorities and take over services they provide
- The power to residents to instigate local referendums to veto excessive council tax increases. Council Tax vetoes could inhibit councils' options in terms of mitigating against the cuts that have been imposed centrally and that are having a negative impact on vulnerable groups.

Changes in the **housing sector** include social housing reforms:

- Providing a new form of flexible tenure for social housing tenants
- More flexibility for tenants to move from area to area or region to region
- More opportunity for tenants to make complaints
- Local authorities are allowed to discharge their duties to homeless people by using private rented accommodation
- At the same time they are able to limit applications for social housing and for the Housing Revenue Account system

Changes in **planning** include:

- Community Infrastructure Levy to invest revenue from local development into communities
- Neighbourhood planning on which communities can vote and approve and development

Alongside the Localism Act there have been a number of localist measures around the economy such as:

- The establishment of Local Economic Partnerships (LEPs). For example, the Tees Valley LEP is now working with Yorkshire, outside of traditional North Eastern boundaries and is looking to engage global partners.
- The Regional Infrastructure Fund
- City Deal agreements which are not just for core cities.
- City Mayors were rejected by almost all of the referendums held yet the City Deal package, offered

as part of the mayoral deal, has had to go ahead.

- Local Economic Partnerships (LEPs) are well placed to negotiate financial deals for their local area.
- The Regional Growth Fund which LEPs were supposed to oversee has been criticised for not allocating enough funds and where it has been spent creating far too few jobs for the money invested.

Capacity of the Voluntary and Community Sector

For many VCS organisations the localism rights are little more than the right to express an aspiration. At face value they appear to offer new choices but involve a lot of unpaid work for people in communities with no guarantee of achieving the desired results. So things are unlikely to improve until residents and VCS organisations receive training and support for capacity building.

Infrastructure support is required to build capacity for volunteers to engage in localism and communities to take advantage of opportunities in the localism act, how will this be organised?

On the question of who is going to pay for this necessary support, those in support of the government would argue this is being done through community organisers, who have been brought in to build capacity and organise them. The question then is about the number and coverage of the community organisers networks - the greater the number of organisers and the wider the network, the better their effect will be.

Partnerships

Almost everyone agrees that partnerships are crucial in the delivery of projects and commissioning with the VCS as they are well placed to know and understand the key issues. They can involve partners from all sectors but the emphasis is on the VCS and private sector for contracts and the VCS and public sector bodies for service level agreements and grant funding arrangements.

The down side to partnership working occurs where VCS organisations have been named as potential sub-contractors but in fact no sub contract is awarded.

We remain concerned about the localist 'do it yourself'

agenda diluting services by creating competition within the VCS. We also remain concerned about this agenda causing mission drift for organisations chasing funding in order to survive.

It is not clear that local authorities will be to cope with the demands of the new community rights. Experience of previous asset transfers suggests that councils will struggle with a large number of community right to bid requests.

Added to this, the community rights are framed around an assumption that local authorities are delivering services badly and so need to be challenged and that the rights can be used against the council.

The response from some councils has been to fit the community rights processes into existing procedures. So the community asset register becomes an extension of the existing asset register and the right to bid process becomes an add-on to the existing procurement cycle. Such moves while convenient for the council are neither in the spirit of localism and nor do they follow the letter of the act.

However, many of these concerns pale when compared to the impact of the government's financial cuts to the VCS. This not only impacts on materials and services. Some VCS organisations are noticing a marked decline in motivation for social action from communities who are having managing the impact of cuts, and the removal of personal and public resources.

Use of Volunteers

One way to cope with the lack of resources is to seek the assistance of volunteers. After all this is something the sector has always done and is rightly proud of.

Here however the government has muddied the waters even over the definition of a 'volunteer'. For example there is the National Citizen's Service, and there those on benefits obliged to volunteer to continue receiving their payments.

Beyond this there is the recession squeeze – people just don't seem to have the time they once had. They are too busy 'volunteering' at home and for their own families.

So the solution to this problem is being blocked in part by the results of the problem itself because everyone is in recession including VCS groups and their staff both

paid and voluntary.

Summary

The Localism Act and the measures that flow from it bring opportunities for local authorities to work with communities on what really matters to them. However, there are concerns in the VCS around capacity, resources, and diversity issues. And in operation too, things have not run according to plan for the localist agenda. See for example VONNE and NCVS (2012) *Surviving or Thriving in Newcastle*, updated, Newcastle: Millfield House Foundation

Indeed the sector is divided around what localism and Big Society can offer. However they are generally agreed that so far there have been very few positive outcomes. The concern is that these localist measures will see the vulnerable groups in society being placed further at a disadvantage. What is urgently needed is support for VCS groups to take advantage of the opportunities offered by localism and to manage the threats it poses.



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