

BRIEFING



Conservative Party proposals

26 February 09

Conservative Party proposals for devolving powers to local authorities and communities

This note summarises the main proposals of interest to house builders in the Conservative Party's policy green paper "*Control Shift: Returning Power to Local Communities*" published on 17th February. [Click here](#) to download the full document.

HBF will be submitting views on these proposals to the Conservatives' front bench team as part of our wider dialogue with them on housing issues.

We would also be interested to know your own views on the green paper and - given the potentially wide-ranging implications of the policy proposals – would encourage you to submit your thoughts on it to the Party.

We will of course be able to discuss the green paper with you at forthcoming HBF member meetings.

Overall context

Localism and the return of meaningful powers to local communities are important elements in current Conservative Party thinking. The aim is to promote a more accessible, alternative approach to the delivery of public policy objectives and services that is responsive to local wishes. The Conservatives also envisage that devolving more powers to local level will help to reinvigorate local democracy, improving both voter turnout and the quality of council members.

Specific proposals

The proposals are grouped into five areas:

- Giving local communities a share in local growth
- Freeing local government from central control
- Giving local people more power over local government
- Giving local people more ability to determine spending priorities
- Removing regional government

Giving local communities a share in local growth

The proposals in this area directly address the provision of housing and include:

- Scrapping the current Housing and Planning Delivery Grant (HPDG) – which in the Conservatives' view rewards performance against centrally agreed housing targets
- Using the money saved and part of future increases in formula grant to local authorities to provide a new predictable, long-term housing delivery financial incentive rewarding locally determined levels of housing supply
- A simplified and broadly similar financial incentive to encourage business growth
- Powers for local authorities to levy business rate discounts

The new housing delivery incentive would match the additional council tax raised by each council for each new house built for each of the six years after that house is built. The stated aim is that "This will be a permanent, simple, transparent incentive for local government and local people to encourage, rather than resist, new housing – of types and in places that are sensitive to local concerns and with which local communities are, therefore, content."

In addition, the green paper says the Conservatives "will look at the complex array of existing levies on development, for example the proposed Community Infrastructure Levy and Section 106 agreements, and examine how these can be simplified and localised so that both individuals and communities affected by new development are properly compensated for any loss of amenity."

Freeing local government from central control

Key proposals are to:

- Introduce a new general power of competence giving local authorities an explicit freedom to act in the best interests of their voters, unhindered by the absence of specific legislation supporting their actions. No action – except raising taxes, which requires specific parliamentary approval – would be 'beyond the powers' of local government in England, unless the local authority is prevented from taking that action by the common law, specific legislation or statutory guidance.
- Allow local authorities much greater discretion in the way they enforce their regulatory duties – rescinding the bulk of relevant central guidance
- Provide that a local referendum is triggered if a local authority proposes a council tax increase above the national threshold – rather than capping such rises centrally
- Abolish all national process targets for local governments and instead require them to publish comprehensible and standardised information about the quality and quantity of frontline services

Giving local people more power over local government

In this section of the paper the most notable proposals are to:

- Legislate to hold a referendum in England's twelve largest cities on having an elected mayor – with a mayoral system being established unless rejected by the voters

- Amend legislation to allow councils to return to a Committee system of governance if they wish and supported by local people
- Give power to residents to hold local referendums on any local issue by legislating to ensure that a referendum is held in a local authority area if 5 per cent of local citizens sign a petition in favour within a six month period

Giving local people more ability to determine spending priorities

In this area the Conservatives propose to:

- Ensure that, when local people have a particular priority, central government money is directed towards fulfilling that priority wherever possible via the powers of the Sustainable Communities Act
- Phase-out central Government ring-fencing of funding for particular purposes
- Look at ways to allow local authorities to promote and market local bonds – secured against forecast project income streams - to deliver privately-financed local projects

Removing regional government

As with the proposals on growth, the ideas in this section of the green paper have a direct bearing on housing supply. The chief proposals are to:

- Abolish regional planning, revoke all regional spatial strategies (including regional building targets), and repeal the national planning guidance that relates to regional planning
- Drastically reduce the role of inspectors in respect of Local Development Frameworks. “Instead of having the power to ride roughshod over local sentiment by effectively re-writing these plans (as at present), the inspectorate will only be asked to report to the Secretary of State on any direct breaches of national planning guidance, to ensure that the plan has been produced within the statutory framework. All other issues will be left for local determination.”
- “enable councils to revise, in whole or in part, their existing Local Development Frameworks to take account of the abolition of regional spatial strategies. This will allow councils to protect land, such as Green Belt, which the regional spatial strategies have zoned for development.”
- Remove RDA powers over housing, planning and RSSs and give these to local authorities
- give local authorities the power to join together to establish enterprise partnerships that can take over the RDAs’ responsibility for economic development in those areas
- Abolish the new Infrastructure Planning Commission and instead seek to speed up planning inquiries
- Abolish the Government Office for London and devolve its powers and programme funding to local councils where possible. However, the London Mayor and GLA would still publish the London Plan “which is necessary to provide strategic planning guidance to London Boroughs”.

Initial assessment

While the proposals for new housing supply incentives and local authority bonds may over time prove positive, the bulk of the other proposals would appear to create significant risks and uncertainties for house builders.

It is important in this regard to consider the cumulative effect of the proposals as well as their individual impact. There are also clear transitional risks that the proposals would enable local authorities to suspend the implementation of their current plans and housing targets pending the actual introduction of a new regime.

Proposals for local referendums and for discretion in the implementation of regulation could in addition open the door to unpredictable and piecemeal approaches across the country.

Our aim will be to raise these concerns through our existing dialogue with the Conservatives and to point out that the additional freedoms and powers proposed for local communities have not been matched by equivalent ideas for empowering developers and business. This imbalance itself would seem likely to discourage rather than encourage housing delivery.

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