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PARLIAMENTARY BRIEFING | LEVELLING UP AND REGENERATION BILL – HOUSE OF COMMONS SECOND READING, 8 JUNE 2022

Introduction

Empowering communities is the key to levelling up and improving local public services, and that includes unlocking the potential of local (parish and town) councils.

England's 10,000 parish and town councils and their 100,000 councillors are the first tier of local government, closest to the people, and play an essential part in building strong communities and strengthening social fabric.

As an existing, sustainable model of community power, local leadership and public service delivery, local councils are already putting pride in place through the provision of parks and open spaces, markets, support for high streets and town centres, community events and so much more.

In recent years, the unique place-based role of local councils has been changing, they are doing more and they are increasingly [innovating](#).

And they are providing local leadership to take action on local and national priorities such as [climate change](#) and community safety, [health](#) and housing, [loneliness](#) and local services, transport and town centres.

By providing the right support, the government has an opportunity to help local councils to do more and to provide the necessary local leadership needed to level up communities, deliver good hyper local public services, and ensure a social, as well as economic, recovery from the coronavirus pandemic.

When taken together, February's Levelling Up the United Kingdom white paper, and now the Levelling Up and Regeneration Bill in the Queen's Speech, are a welcome and positive first step down the long road ahead to levelling up, further devolution and empowering local communities.

The Bill aims to drive local growth, empower local leaders to regenerate their areas, and ensure everyone can share in the United Kingdom's success. This briefing sets out key issues and implications for local councils as well as several concerns.

Levelling up

The Bill creates a legal duty for the Government to set and report on a number of missions for levelling up the country.

However, the detail of the twelve missions published in the white paper are not on the face of the Bill. Instead, a levelling-up missions statement will be laid before Parliament and published, alongside the methodology and metrics to be used to evaluate its progress towards their delivery.

This means the missions can be changed at any time by the government of the day. We would expect the government to fully consult on the proposed metrics to be used to produce an annual report on the Levelling Up missions.

Experience from previous rounds of local government reform and devolution negotiations has highlighted the necessity for local councils (or the relevant county association of local councils on their behalf) to be much more involved. We would expect this to be addressed in the current round of devolution deals.

Local democracy and devolution

Devolving powers to all areas in England that want them through the new devolution framework and devolution structures is welcome. But this must not be confined to county or regional level and must also empower local leaders at community level such as local councils.

The devolution framework does not currently require the three levels/models of devolution, including the new model of Combined Authority called Combined County Authorities (CCAs), to provide opportunities for further onward devolution to communities and local councils.

It is also the case that relationships and engagement between the three levels/models and local councils is limited, including involvement in scrutiny arrangements.

The Bill should therefore go further to address both these issues including through the existing measure to enhance the overview and scrutiny and audit of new and existing combined authorities.

Communities in two-thirds of England are being left behind in taking community-led action to level up their areas because they do not have a local council. Onward's [Social Fabric Index](#) shows areas with full coverage of local councils score significantly higher than those without local councils for key measures of community strength.

Over the last 4 years, more than 50 places have seen new local councils created in response to community demand or through local government reorganisation.

NALC welcomed the white paper commitment to make local councils quicker and easier to establish. Yet no further details or timescale have been announced and the bill makes no provision for legislative change to enable this.

The Bill should be strengthened to level up local democracy by establishing local councils across all of England.

The Bill provides for the new model of CCAs to have a general power of competence. This measure aligns CCAs with its constituent principal councils which already have this power through the Localism Act 2011.

However, the first tier of local government is currently out of alignment with the rest of local government as the general power of competence is restricted to principal councils and only some local councils who meet certain tests imposed nationally by the government.

In order to further empower communities and ensure they are not held back in being able to innovate and respond to local needs and priorities, to improve public services, and to restore a sense of community, local pride and belonging, the Bill should go further and extend the general power of competence to all local councils.

Housing and planning

NALC is a strong supporter and advocate of neighbourhood planning which gives communities direct power to develop a shared vision for their neighbourhood and shape the development and growth of their local area.

Around 90% of neighbourhood plans developed to date have been led by local councils. It is therefore good the government has acted on calls from NALC to strengthen neighbourhood planning and give neighbourhood plans more weight and protection as part of its planning reforms taken forward in the Bill.

However, we are concerned the Bill gives National Development Management Policies primacy over local plans and neighbourhood plans and means they could easily and quickly be rendered out of date by changes to national policies.

This may stifle local innovation on issues such as affordable housing, energy efficiency and nature conservation. It would also undermine local democratic engagement in, and scrutiny of, the planning process and lead to significant legal delays where conflict between plans and national policies is contested. The Bill should be amended to remove any suggestion that national policies have automatic primacy over locally agreed ones.

Neighbourhood plans can only be in conformity with any national development policy in place at the time the plan is made. Any subsequent change to national policy should not override neighbourhood plans.

The Bill introduces a new neighbourhood planning tool called a neighbourhood priorities statement. This provides communities with a simpler and more accessible way to set out their key priorities and preferences for their local areas. In the same way that local councils are automatically designated bodies for developing a neighbourhood plan, this must also be the case for developing a neighbourhood priorities statement.

We are concerned that the introduction of street votes risks undermining both a plan-led (both local plans and neighbourhood plans) approach to development and also permitted development. We are keen to work with the government to increase engagement with, and involvement in, plan making.

We welcome the new Infrastructure Levy which will be mandatory and set at a local level. Local councils must be consulted on the setting of the level. It is right that local councils will receive the 25% neighbourhood share of the Infrastructure Levy. This will ensure communities benefit from development and local councils can invest in local infrastructure and other priorities. It will be important for local councils to have full flexibility in how the levy is used. However, the flat share of 25% does not provide an uplift for communities that have a made neighbourhood plan in place, which is the presently the case where the Community Infrastructure Levy is charged.

The Bill introduces a discretionary council tax premium on second homes and changes the qualifying period for use of the long term-empty homes premium. A share of this premium should be provided to local councils.

Funding

Neither the white paper or the Bill include funding to local councils to help them level up their areas or to help them to improve and build capacity and capability.

Local councils are primarily funded through their small share of council tax. Unlike principal councils they do not receive revenue support grant or a share of business rates.

And despite the growing role of local councils in responding to the social, economic and environmental needs of communities, local councils were not eligible to apply in their own right for government growth funds such as the Community Renewal Fund, Levelling Up Fund, Towns Fund, or UK Shared Prosperity Fund. They are also excluded from the Community Ownership Fund.

Many local councils faced significant financial pressures during the Coronavirus pandemic due to additional costs but in particular lost income.

However, government funding to support local government during the coronavirus pandemic was not passed on from principal councils to local councils. The Government stated they could not fund local councils directly as they had no powers to do so. The Bill should address this by amending Section 33 of the Local Government Act 2003 to provide ministers of the crown the power to grant fund local councils.

The white paper also includes launching a review of neighbourhood governance which will also look at the role and functions of local councils, which NALC welcomes and called for.

This review provides an opportunity to strengthen the first tier of local government and ensure their 100,000 councillors have the necessary powers, support, and funding to provide high-quality local facilities and services and improve people's sense of belonging and community.

However, no further details or timescales for this review have been announced and the Bill makes no provision for any legislative change.

NALC welcomes the white paper commitment to build local government capacity and capability through ongoing sector support and funding a programme of improvement covering a range of priorities which is reviewed periodically.

The government currently provides around £18 million a year of funding for sector support to the Local Government Association (LGA). The government should provide NALC directly with a share of funding to support local councils, this can be provided from a proportion of the funding retained by the government when funding to LGA was reduced.

The Bill amends the Local Government Finance Act 2003 to enable the Secretary of State to give one or more risk-mitigation directions to a local authority in England. This includes setting limits in relation to the borrowing of money or requiring the local authority to take action specified in the direction which could include to divest itself of a specified asset. The Government should confirm whether local councils are in scope of this measure.

Remote council meetings

It is disappointing the Queen's Speech did not include a bill to allow councils at all levels to hold online and hybrid council meetings.

The Government's call for evidence on remote council meetings closed a year ago in June 2021 and they are yet to publish the results or take any steps to address this issue.

The flexibility for councils to meet virtually was paramount during the pandemic to allowing councillors and the public to attend council meetings. Councils saw an increase in meetings attendance, including the public and MPs, decreased carbon emissions and meetings related costs, and better work-life balance for councillors who work or have caring responsibilities.

Councils need the flexibility to meet in this way to be reinstated so that they can continue to work in the most accessible and resilient way possible, especially in times of emergency such as when there is adverse weather or flooding.

The Bill should be amended to allow councils to hold online and hybrid council meetings.

More information and to arrange a meeting to discuss the bill:

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