



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

WRITTEN STATEMENT BY THE WELSH ASSEMBLY GOVERNMENT

Title: **The Localism Bill**

Date: **14th December 2010**

By: **Carl Sargeant, Minister for Social Justice and Local
Government**
**Jane Davidson, Minister for Environment, Sustainability and
Housing**
**Jocelyn Davies, Deputy Minister for Housing and
Regeneration**

The Localism Bill was introduced into the House of Commons on Monday, 13th December. The aims of the UK Government is to devolve greater powers to councils and neighbourhoods and give local communities control over housing and planning decisions.

The Assembly Government has taken the opportunity that this Bill presents to confer legislative competence on the National Assembly for Wales in the areas of council tax referendums, development management and the Housing Revenue Account Subsidy (HRAS) system.

Subject to Parliament's approval, the Bill will confer Measure powers on the National Assembly for Wales that will enable the Assembly Government to consult and, if appropriate, bring forward proposals for legislation in relation to these areas. An Explanatory Memorandum setting out the background and context to the measure-making powers that we are seeking has been laid before the National Assembly for Wales. However, in brief these are the powers being sought:

Council Tax Referendums

The UK Government intend to make provision for repealing the existing capping legislation in the Local Government Finance Act 1992 and replacing it with provisions for local referendums on council tax increases in the Localism

Bill. The Welsh Assembly Government believes that Welsh citizens should have a stronger role in the determination of annual council tax, and wishes to give further consideration to what is the best option for Wales in terms of controlling the setting of excessive council tax increases and holding referendums.

The Welsh Assembly Government have therefore sought Measure powers to enable it to legislate for the process to be followed in terms of defining the principles of excessiveness, the timing of any referendum process, the procedure and format of the referendums that are to be held and the resulting sanctions that authorities would face in the event that they fail to follow the statutory process.

Development Management

The Welsh Assembly Government has recently undertaken a review of the planning application process in Wales informed by an independent report (Study to Examine the Planning Application Process in Wales, June 2010). Key themes emerged which highlighted where change is needed, including reducing uncertainty and delays, the need for planning decisions to be made at the appropriate level and the need for local planning authorities to be more responsive by increased use of shared resources and expertise through better cross boundary working. The Welsh Assembly Government is seeking Measure powers in these and related areas, so that it can take forward its policy at the appropriate time.

Housing Revenue Account Subsidy (HRAS) system

The Localism Bill makes provisions to reform the Housing Revenue Account Subsidy (HRAS) system in respect of Local Authorities in England. This system provides rules for the provision of subsidy to the ring-fenced Housing Revenue account that local authorities are required to maintain if they hold housing stock.

The Bill provides for the HRAS system to be abolished in respect of local authorities in England, on the basis of a redistribution of the overall debt. This follows a public consultation on the principles and detailed discussion with local government in England.

The Assembly Government commissioned a review of the arrangements in Wales, supported by local government, to identify options for reform. The HRAS system applies to all local authorities with housing stock and, in Wales, all authorities are in a negative subsidy position. This means that in 2010/11, approximately £78m will be collected from Welsh local authorities and forwarded on to HM Treasury as Annually Managed Expenditure. This is a matter of great concern to the Assembly Government. However, the way forward cannot be concluded until the Assembly Government has negotiated a revised and comprehensive financial settlement with Treasury. Measure powers will enable legislation appropriate for Wales and based on consultation with local government in Wales to be introduced if necessary and at the appropriate time.

The Bill and accompanying explanatory notes can be accessed at:
<http://services.parliament.uk/bills/2010-11/localism.html>

As lead Minister on this Bill, the Social Justice and Local Government Minister would be happy to make an oral statement if Assembly Members wish me to do so, at the first opportunity in the new session.