



Leicester  
City Council

WARDS AFFECTED  
All Wards

Standards Committee

16<sup>th</sup> September 2009

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## Local Democracy, Economic Development and Construction Bill

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### Report of the Monitoring Officer

#### 1. Purpose of Report

To provide members of the Standards Committee with background on the Local Democracy, Economic Development and Construction Bill currently going through Parliament.

#### 2. Recommendations

Members are invited to note the report.

#### 3. Background

- 3.1 The Local Democracy, Economic Development and Construction Bill is currently working its way through the legislative process. The Bill completed its Lord stages on 29<sup>th</sup> April and was presented to the Commons on 30<sup>th</sup> April. The Bill was considered at Committee stage which was completed in mid June and will go through Report Stage in the Commons in October.

The Bill seeks to create greater opportunities for community and individual involvement in local decision making. It also provides for greater involvement of local authorities in local and regional economic development. In this it builds on the Government's White Paper in 2008 entitled '*Communities in Control: Real People, Real Power*'.

There are a number of disparate main elements to the Bill:

#### 3.2 **Promotion of Democracy**

At the heart of the Local Democracy, Economic Development and Construction Bill are new rights for the citizen to have more information and influence over the local decisions; new powers to hold politicians to account and, where they choose, more opportunity to get directly involved in managing and shaping how local services are delivered.

### **3.3 Revision of responsibility for electoral boundaries**

The Bill will legislate for a separate Boundary Committee to establish a strong national body that is solely focused on overseeing boundary changes (electoral, administrative and structural) in England. The Bill will thus remove that function from the Electoral Commission.

### **3.4 Economic Development**

Local Authorities are to be given a new duty to assess economic conditions and to deliver a joint single regional strategy with Regional Development Agencies. Local authorities will also be expected to co-operate in promoting economic development.

### **3.5 Additional audit powers**

New powers for audit authorities to appoint auditors to, and produce public interest reports on, entities connected to local authorities.

### **3.6 Multi Area Agreements**

The Bill allows for a local authority to be nominated to lead on producing a multi area agreement with cooperation from partners. A multi area agreement will require at least two local authorities to be party to it.

### **3.7 Specific Provisions**

#### **3.7.1 Promotion of Democracy**

There are a number of general requirements on local authorities pertaining to promoting democracy.

- It places a duty on local authorities to promote an understanding of their functions and democratic arrangements and how members of the public can get involved in democratic decision making;
- It requires local authorities to promote information and understanding of the role of councillors, how to become one and the support that is available to councillors to assist them in their role;
- It requires local authorities to promote an understanding of other public sector bodies/service providers (e.g. fire, police, health, FE sector) with a view to greater participation by local people. For example the local authority would be expected to publicise how to join various boards relating to those bodies;
- It requires local authorities to promote understanding of court boards, independent monitoring boards for prisons and immigration removal centres and Youth Offending Teams with a view to allowing greater participation by local people, as well as lay justices.

### **3.7.2 Petitions**

- The Bill will place a duty on local authorities to make, publicise and comply with a scheme for handling both paper and electronic petitions. Greater transparency will be ensured by requiring authorities to respond to petitions which meet certain criteria and to make the responses available to the public;
- Local authorities will need to define what it considers a valid petition - based around the number of signatures (national government reserves the right to step in and amend but essentially the number needs to be small so as to allow, for example, residents from a small street to lobby for change – perhaps half a dozen to ten would suffice). This provision will not include planning, which is covered by existing processes;
- As a minimum, local authorities will need to respond to all petitions signed by those who live, study or work within the local authority boundary;
- In addition, local authorities will also be encouraged to respond to petitions from people outside their area. For example, parents living near a local authority boundary may have children attending schools in a neighbouring borough. Similarly, people who travel, work and spend their leisure time in the area should have the right to petition about services.
- The Bill (or more likely a Statutory Instrument) will determine a threshold (number of petitioners) above which the petition would automatically trigger a debate of full Council. This is likely to be 5% but central government are likely to encourage city councils to lower that figure because of the population density.
- The Bill will give petition organisers a right of appeal/review of the response to their petition.

### **3.7.3 Petitioning of senior officers**

Senior officers may now be formally called to account at public overview and scrutiny meetings through a petition. Local authorities must decide which officers may be called upon in this context i.e. Chief Executive, service directors and, again, a threshold will need to be determined to trigger this.

### **3.7.4 Scrutiny**

- Local authorities will be required to appoint a “scrutiny officer” who will promote scrutiny within the authority and with external partners. They will also be required to ensure all pertinent information is provided to the scrutiny function in order to undertake their role effectively.

- The “scrutiny officer” is not allowed to be the Chief Executive, the Monitoring Officer or the Chief Finance Officer. The precise role for the “scrutiny officer” is not prescribed by the legislation as it will be for local authorities to determine what they want from the role.
- The Bill will give local authorities broader powers to set up joint overview committees with one or more bordering authorities. These committees need not be confined, in the future, to matters relating to improvement targets within the Local Area Agreement.

#### **4.1 Economic Development**

Local Authorities are to be given much more responsibility as regards economic development starting with an economic assessment of their area. Provision to create Leaders’ Boards will be enacted which will allow all local authorities in a given area to work together towards a Regional Strategy. That Strategy will replace the existing regional spatial strategy and the regional economic strategy.

The Leaders’ Board will, in practice, work with the RDA to produce these strategies. Economic Prosperity Boards will be created across England which will have responsibility for economic development and regeneration of an area. In due course they may take on certain roles currently played by local authorities within the regeneration remit.

#### **4.2 Additional Audit Powers**

The Bill is providing an extra power for Audit Commission to be able to appoint independent auditor to bodies associated with local authorities, for example the Economic Development Company in Leicester.

#### **5. Implications for the Standards Committee**

Whilst there is nothing in the Bill which falls specifically under the terms of reference of the Standards Committee there are implications for partnership working, scrutiny and the role of the councillor generally.

Further updates will be provided to the Standards Committee as the Bill makes its passage through Parliament.

#### **6. Legal and Financial Implications**

The report deals with the Local Democracy, Economic Development and Construction Bill currently going through Parliament.

#### **7. Report Author**

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