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PR 20-21 BUDGET AND SPENDING REVIEW 2021

Supporting parish power to level up and rebuild communities

The National Association of Local Councils (NALC) is the national membership body that works with the 43 county associations of local councils to represent and support England's 10,000 local (parish and town) councils and many parish meetings.

Local councils and their 100,000 councillors are the first tier of local government and are an existing and sustainable model of community power, local leadership and public service delivery.

As democratic, transparent and accountable hyperlocal civic institutions, local councils bring people together in their place; mobilising their powers, resources, influence and relationships to improve their local area and also contribute to national challenges.

Local councils were at the forefront of the response to the coronavirus pandemic, [stepping up to support their community](#), in many urban as well as rural areas.

Indeed 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 leading and working with communities to tackle a wide range of challenges such as [climate change](#) and community safety, [health](#) and housing, [loneliness](#) and local services, transport and town centres.

But just as local councils provide locally relevant and locally determined support to individuals, businesses and communities, making efficient use of their £618 million small share of council tax, their own support needs are also hyperlocal.

With the right support and collaboration – and by working together with NALC – the government has an opportunity to help local councils to do more and provide the important local leadership needed to level up communities and ensure a social, as well as economic, recovery from the coronavirus pandemic.

That is why NALC is urging the government to use the Comprehensive Spending Review and forthcoming levelling up and recovery white paper, to help places to help themselves by supporting and unlocking parish power to level up and rebuild communities.

Levelling up local democracy by creating local councils everywhere

The government's Communities Framework published in July 2019 already contains a commitment to make it easier to set up new local councils in unparished areas.

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.

To enable more areas to benefit from this local leadership, the government should use the forthcoming white paper to level up local democracy and accelerate the creation of local councils, through:

- requiring proposals for local government reorganisation and devolution deals to include the creation of local councils in all unparished areas, and ensure effective engagement with county associations including the provision of funding
- removing the power for principal councils to create/merge/abolish local councils and for this decision to rest with another body such as the Boundary Commission
- reforming the community governance review process to include mandatory use of referendums and a community right of appeal
- abolishing unelected and unaccountable Charter Trustees, who can raise a precept without any election or vote, in the remaining 17 towns where they exist and replacing them with a town council
- rationalising parish meetings in rural areas through the creation of local councils covering one or more parish meeting areas
- piloting Community Improvement Districts or 'pop-up parishes' in unparished areas with time-limited freedoms and flexibilities to deliver community-led change
- investing existing government funding for local government sector support in a national programme bringing together NALC, government and other relevant organisations to help communities and councils access information, resources, learning, good practice and direct advice and support

Fair and secure funding to ensure financial certainty, resilience and stability

Local councils continue to be generally financially resilient and have a strong track record in responding positively to the social, economic and environmental needs of local communities.

This is despite limited capacity, growing demands and increasing fiscal challenges, such as:

- not receiving government funding such as revenue support grant or a share of business rates
- continued devolution of powers and responsibilities from principal councils to local councils and pressure on principal council finances
- the fiscal gap created by the tax base due to council tax benefit changes and ongoing loss of or reduction of council tax support grant
- delivering regulatory requirements such as the Transparency Code, General Data Protection Regulation and Website Accessibility Regulations
- greater requirements for community engagement and public consultation
- rising demands for services that help tackle loneliness and isolation, support civil society organisations, help young people and improve health and well-being, as well as increasingly needing to support high streets and town centres
- the uncertainty over council tax referendum principles being extended to local councils
- financial pressures from the coronavirus pandemic due to additional costs but in particular lost income, with some councils including larger sized councils such as town councils, especially affected, and to date, government funding to local government does not include dedicated support for local councils
- higher than inflation increases as the government increased the National Living Wage by 6%

The 2018/19 local government finance settlement announced a three-year deal to defer the setting of council tax referendum principles for local councils, a measure

NALC consistently called for to provide a period of financial certainty and confidence to plan for the future.

During this period and since then, local councils have continued to demonstrate fiscal responsibility and restraint, with year on year increases to average Band D precept going down, rising by 2.8% or just under 4 pence per week in 2021/22. This is the lowest percentage increase since 2011/12 and the lowest cash increase since 2015/16.

The average annual increase in council tax by principal councils in 2021/22 was £81, compared to £1.97 for local councils.

However, this slowing down of additional investment in places by local councils through their small share of council tax is not sustainable and underscores the need for local councils to be able to directly access dedicated government funding.

In recent years, the government has announced and made available dedicated funding to local government to support a range of specific policy initiatives, including:

- £1.6 billion for towns through the Stronger Towns Fund
- £13 million for parks
- high streets through the Future High Streets fund of £675 million and the Clean Up High Streets fund of £9.75 million
- £250,000 to help disabled people stand as councillors
- Brexit preparations through £56.5 million and £20 million
- £4.8 billion Levelling Up Fund
- £220 million UK Community Renewal Fund
- £150 million Community Ownership Fund
- £30 million Changing Places toilets programme

However, 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 any of these funds, and not eligible to apply at all to the Community Ownership Fund.

By way of example, local councils are increasingly working with local businesses and other partners to boost local economic prosperity and civic pride through investment in:

- community events and activities in town and village centres
- provision of Christmas lights, floral decorations and management of associated space and public realm
- support to chambers of commerce, town centre partnerships and Business Improvement Districts
- providing public access to Wi-Fi
- setting up job clubs and fairs
- running bus and community transport services
- organising business fairs and shows
- providing visitor information centres and tourism initiatives

Given local councils have responded to the government's challenge to exercise restraint, the government should use the spending review to maintain and extend fiscal freedoms and flexibility to give local councils financial certainty, resilience and stability through:

- a further three-year deal to defer the setting of council tax referendum principles for local councils
- the ability to bid in their own right to dedicated government grant funding such as the Towns Fund, Parks Fund, Shared Prosperity Fund, Community Wealth Fund and Community Ownership Fund.
- funding for most adversely affected by the pandemic through significant lost income
- protection to changes to the tax base and council tax collection rates

- a new enabling power for ministers of the crown to make payments directly to local councils
- borrowing rules being extended to cover revenue spending and relaxed requirements to evidence community support
- a share of business rates and an exemption for community and cultural assets

Supporting local infrastructure and services delivered by communities

In many places, particularly in rural areas, the local community itself already supports and provides local infrastructure such as libraries, youth clubs and services for older people.

But increasingly as a result of onward devolution and financial pressures, local councils are taking on the responsibility of these services and community assets from principal councils.

Often without appropriate funding passed on or access to dedicated grant funding provided by the government.

The ability to communicate remotely during the pandemic has been absolutely crucial and has made an enormous contribution to health and wellbeing. It has also resulted in many cost savings for local councils and has allowed more participation more easily in local government matters.

To further support local infrastructure and services which can be best delivered by communities themselves, the government should:

- increase onward devolution by strengthening the opportunity and support to local councils who want to take on more responsibilities and services from principal councils
- provide local councils with a more effective and automatic right to challenge and take over services, assets and responsibilities from principal councils
- where a local council takes on the responsibility of services, assets and responsibilities from principal councils, funding should follow function through a multi-year agreement

- build on the exemption of public toilets from business rates by extending this approach to other community and cultural assets such as libraries, youth centres, museums, theatres and community centres
- strengthen the community right to bid with a first right of refusal to purchase assets of community value and an extension of the moratorium period.
- increase investment in rural digital connectivity

Power to the people to effect change and give confidence

Communities need power and influence to tackle the issues that matter most to local people and which allow them to shape the delivery of public services in their area and deliver the community they want to be part of.

Through their most local council, communities already benefit from a range of statutory discretionary powers to spend their small share of council tax on tackling very local issues and contributing to national challenges.

However, the general power of competence is available only to principal councils and some local councils who meet certain tests.

Neighbourhood planning has proved to be by far the most successful of the community rights contained in the Localism Act and is an increasingly popular tool for communities to develop a vision for the future of the area including for development such as housing.

Local councils are at the forefront of this neighbourhood planning revolution, with over 1000 successful referenda and over 1 million votes cast.

To ensure local councils are not held back in being able to innovate and respond to local needs during the recovery and plan for the future including a green economy, the government should:

- give communities a 'general power of confidence' by extending the general power of competence to all local councils
- work with the sector to identify and remove further legislative barriers and consider greater use of and speeding up of the Sustainable Communities Act proposals process

- ensure communities remain at the heart of the planning system and strengthen neighbourhood planning so that plans have more weight and teeth.

Strengthening local leadership and accountability

Our communities thrive when people get involved, giving up their time and coming together to take action on the issues they care about, such as climate change, community events, loneliness and assets such as village halls and shops.

This includes councillors who are the lifeblood of local democracy and the cornerstone of local government, all working hard to make a real difference in their community.

There are around 100,000 local councillors in England – four times as many councillors than in principal councils – all volunteering their time (over 14 million hours a year) and taking up civic office to make decisions about improving their area and held to account by local people.

The decisions they make affect the quality of life and well-being of our citizens in countless ways, given local councils are responsible for a growing range of responsibilities, assets and services.

And the recent outpouring of public spirit and neighbourliness during the pandemic provides an opportunity to encourage and support those people to stay active and involved in our communities.

This includes potentially taking up civic roles as a new generation of local leaders as councillors, with next year's local elections, including those postponed due to pandemic, provide an ideal way to achieve this.

The use of remote meetings by local councils during the pandemic has increased engagement and participation by local people and ensured continued local accountability.

Civility and respect should be at the heart of public life and good governance is fundamental to ensuring an effective and well-functioning democracy at all levels. In June 2021, NALC and other stakeholders including the Society of Local Council Clerks (SLCC) published a joint statement committing to promote civility and respect in public life. A project working group has been established to drive this forward and both NALC and SLCC have committed investment for this project of £100,000 over the next two years.

To further strengthen local leadership and accountability, and encourage more people to get involved in their community, the government should:

- respond to the remote meetings call for evidence which closed on 17 June 2021 and legislate to allow councils at all levels the flexibility to hold remote meetings
- respond to the Committee on Standards in Public Life report on ethical standards in local government and act on the recommendations including the introduction of sanctions to underpin a new national model code of conduct, along with further support to encourage and promote civility and high ethical standards
- engage with the sector on the recommendations of the Kruger review
- introduce a national democracy fund including a promotional and public awareness campaign about local elections
- work with the sector to develop more effective relationships between local councils and mayoral combined authorities, combined authorities, principal councils and Local Enterprise Partnerships
- extend the remit of the Local Government and Social Care Ombudsman (LGSCO) to local councils and work with NALC and LGSCO on a pilot with some local councils
- make it easier for councillors to stand and serve, including extending carer's allowances to local councils

Invest in increasing capacity and capability to enable local councils to fulfil their potential

The Improvement and Development Board (IDB) oversees the National Improvement Strategy which represents a national commitment to training and development in the local council sector shared by national, regional and local stakeholder organisations including the government.

The purpose of the strategy is to offer training and development opportunities to councils in order for them to make the most of their role and carry out their duties more easily. It also identifies other steps needed such as online learning and a member development charter, Continuous Professional Development points for councillors and requiring training for appropriate activity in standing orders.

For principal councils, the LGA's improvement offer sets out a comprehensive package of help, supported by around £18 million of government funding through the Memorandum of Understanding.

In the last few years, the LGA has provided some welcome small scale support through this funding for two peer challenges, a joint guide on loneliness and for the NALC's Make A Change campaign to encourage more people to become councillors.

This underinvestment leads to constraints to increasing the sector's efficiency, securing improvement and unlocking performance that only the government has the policy and financial levers to help with.

There is an urgent need to invest in increasing the capacity and capability in local councils to enable local councils to fulfil their potential, therefore the government should:

- work with the sector, including through the IDB, to explore ways to build on, expand and accelerate the current sector-led approach to improvement in local councils
- provide dedicated and direct multi-year funding for sector-led improvement in local councils
- establish and invest in a national support programme for communities and councils to help onward devolution and creation of new local councils.

Should you require any further information on this response please do not hesitate to contact Chris Borg, policy manager, on 07714 771049 or via email at chris.borg@nalc.gov.uk