

## **NATIONAL ASSEMBLY | DRAFT AGENDA**

Date and time: 16 September 2021, 11:00 – 13:00.

(Open for morning coffee 10.30, break 12.00- 12.10)

Via zoom.

### **1. Welcome by the Chairman**

### **2. Apologies for absence and note changes in representation**

2.1. That apologies are noted.

2.2. That new representatives introduce themselves to National Assembly.

### **3. Minutes of previous meeting and matters arising**

3.1. To approve the minutes of the National Assembly held on 13 July 2021 and to consider any matters arising. Appendix 3.1

3.2. Matters arising: Following the last Assembly's discussion of electoral arrangements it is suggested that the first meeting of the new national assembly in 2022 agree to a review of the Association's governance structure, set up a task and finish group to recommend any changes to its July meeting for agreement at the 2022 AGM and implementation in the elections of 2023.

### **4. Committee Issues**

4.1. There have been no formal meetings since the last Assembly meeting. Chairs are invited to update on any other issues as appropriate.

## **5. Annual General Meeting 2021**

Assembly are asked to agree to recommend the following issues for decision at the AGM. Relevant background papers to be circulated.

- 5.1. To agree the draft 3 year budget to 2025 Appendix 5.1
- 5.2. To agree the following increase in affiliation fees for 2022/23, as per budget plans, of 7.49p per elector capped at £1920 for the largest councils.
- 5.3. To receive the draft Annual Report 2020/21 and Audited Annual Accounts for 2020/21 Appendix 5.3
- 5.4. To consider any motions to AGM
  - 5.4.1. Finance and Scrutiny Committee are proposing that the Assembly recommends the following to the AGM in-order to improve the Association's cash flow at the start of the year. "That the constitution be altered to read All County Association subscriptions to the National Association to be made in two instalments. The first payment on or before 31 May calculated at 80% of the total using the previous year's membership figure as a base with a balancing sum paid on or before the last day of September using figures supplied to the National Association by 31 August at the latest for the current year. The failure of a County Association to pay by these dates may make the County Association no longer able to access services, provided on behalf of its member councils. Withdrawal of NALC services to a County Association in these circumstances will be subject to a decision of Assembly
  - 5.4.2. Management Board (t.b.c) are proposing that the Assembly recommends the following to enable the appointment of an unspecified number of parliamentary vice-presidents to enhance the Association's influence. "That the constitution be altered with the addition of a new little c under honorary officers, p10 – "That in addition NALC appoints parliamentary vice-presidents to further the sector's influence in Parliament"
- 5.5. To appoint President and Vice-Presidents of NALC.
- 5.6. To agree that the Milton Avis contract as NALC's auditors be rolled over for another year.

## **6. Information exchange**

- 6.1. To exchange experience of county deals and devolution developments. The CEO's e mail of 24/8 refers. Appendix 6.1

## **7. Next meeting**

That the next meeting of National Assembly be held on 8 December 2021

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## NATIONAL ASSEMBLY | DRAFT MINUTES

13 July 2021

Via zoom

National Assembly	
Cllr Mike Drew	Avon Association of Local Councils
Cllr Elizabeth Luder	Bedfordshire Association of Town and Parish Councils
Cllr Paul Harvey	Buckinghamshire and Milton Keynes Association of Local Councils
Cllr Mike Tew	Cambridgeshire Association of Local Councils
Cllr Lillian Burns	Cheshire Association of Local Councils
Cllr Graham Ford	Cornwall Association of Local Councils
Cllr Allan Blakemore	County Durham Association of Local Councils
Cllr John Plant	Derbyshire Association of Local Councils
Cllr Ken Browse	Devon Association of Local Councils
Cllr David Chalmers	Devon Association of Local Councils
Cllr Janet Wallace	Dorset Association of Parish and Town Councils
Cllr Keith Stevens	East Sussex Association of Local Councils
Cllr Brian Brooks	East Riding North Lincolnshire of Local Councils
Cllr Peter Davey	Essex Association of Local Councils
Cllr Lorraine Rappé	Hampshire Association of Local Councils
Cllr Bob Blezzard	Isle of Wight Association of Local Councils
Cllr Richard Parry	Kent Association of Local Councils
Cllr Colin Peacock	Lancashire Association of Local Councils
Cllr Tony Howard	Lincolnshire Association of Local Councils

Cllr Tony Hiron	Leicestershire and Rutland Association of Local Councils
Cllr Phil Harris	Norfolk Association of Local Councils
Cllr Mick Baker	Nottinghamshire Association of Local Councils
Cllr Sue Lintern	Norfolk Association of Local Councils
Cllr Mike Scott	Northamptonshire Association of Local Councils
Cllr David Francis	Northumberland Association of Local Councils
Cllr Avis Thomas	North Yorkshire Association of Local Councils
Cllr Malcolm Leeding MBE	Oxfordshire Association Local Councils
Cllr David Beechey	Shropshire Association of Local Councils
Cllr Jenny Lawrence	Somerset Association Local Councils
Cllr Derek Liddell	South Yorkshire Association of Local Councils
Cllr Mark Valladares	Suffolk Association of Local Councils
Cllr Peter Allison	West Yorkshire Association of Local Councils
Cllr John Scragg	Wiltshire Association of Local Councils
Cllr Michael Chater, OBE	Vice president

**Staff present:**

Jonathan Owen, chief executive  
Justin Griggs, head of policy &  
communications  
Steve Walker, head of finance and  
administration  
Olivia Kane, receptionist

Claire FitzGerald, administration  
manager,  
Jane Moore, head of member services  
and solicitor  
Jessica Lancod-Frost, policy officer  
Anders Hansen, projects manager

### **Chairman welcome:**

The chairman welcomed representatives to the meeting and asked assembly members to reflect on the following colleague who had recently passed away:

- Cllr David Fleming, of County Durham ALC

### **Apologies received**

Brian Kerr OBE, Vice President  
Patricia Ansell, Staffordshire ALC  
John Plant, Derbyshire ALC  
Jonathan Davies, Cumbria ALC

### **Changes in representation:**

The following changes in representation were noted:

- Allan Blakemore from County Durham.
- Sue Lintern from Norfolk ALC.
- Lorraine Rappé has rejoined as Hampshire rep.

The new councillors were welcomed and each briefly introduced themselves setting out their experience and ambitions for the sector.

Cllr Liddell advised that he will be stepping down as the South Yorkshire representative shortly and that this would be his last national assembly.

**Resolved:** that new representative be welcomed to Assembly

**Resolved:** that Cllr Liddell be thanked for his service to NALC

### **Minutes of the previous meetings:**

The Assembly confirmed that the minutes of the meeting of National Assembly held on 9 March 2021 and the minutes of the open councillor session held on 13 April 2021 were accurate.

**Resolved:** That the chairman be authorised to sign the draft minutes of National Assembly held on 9 March 2021 and the draft minutes of the open councillor session held on 13 April 2021 as a true record of the proceedings.

### **Civility and respect in public life:**

Cllr Baxter provided assembly with an update of NALC's work with the SLCC, one voice wales and county officers on the formation of the Civility & Respect Working Group.

NALC welcomed Jess Norman from the LGA to outline the work that is being carried out to promote their work to promote civility and respect in public life which is relevant to parish and town councils too.

She referred to their practical guidance and support on the LGA website <https://www.local.gov.uk/our-support/guidance-and-resources/civility-public-life> which is available for NALC councillors to use.

Jess emphasised that all councils have a duty of care to support councillors as much as we would support employees. She specifically referred to some of the great examples in the work carried out in Wales.

In Q&A the following views and comments were put forward:

- There should be trade union involvement. Jess said that this has not happened to date but trades unions will be added to the stakeholder list for future involvement
- Concern was raised about the lack of consequences for those who bully and urged that those involved in bullying are properly sanctioned. Cllr Baxter supported the call for real sanctions to be put in place. Jess confirmed that this was being considered by LGA in the context of the forthcoming response by government to the committee on standards in public life report.
- Cllr Parry asked if One Voice Wales is involved in this work. Jess was unsure if this was the case and will contact the WLGA to ensure the OVW are on stakeholder list.
- Cllr Scott asked how the LGA defines success. Jess indicated that this is not easy to establish but will use all resources available to identify what is coming through. A forthcoming survey of councillors' experience – which may be available to NALC – may provide benchmark information.
- Cllr Francis asked if the LGA has a real feel for how widespread the issue of bullying is within the sector. It was agreed that the statistics are hard to come by.
- Cllr Valadares warned that sanctions could be used as a weapon against minority groups in more politicised councils.

**Resolved:** That the report be received and Jess Norman be thanked for her contribution today.

### **NALC's big themes**

The discussion item on NALC's big themes of health and wellbeing and young people was postponed due to illness of speaker.

### **NALC strategic direction**

The chief executive gave a presentation on the strategic direction of NALC

A number of observations from councillors included Cllr Parry focussing on internal management where he advised that staff may find the return to the office to be a difficult transition as it can be very intense. Cllr Howard countered that organisations need to adopt the right model for offices. He said that zoom has succeeded and has helped enable engagement. Cllr Allison said that the opportunity for staff to work from home means that we could have a more geographically diverse workforce. He also suggested that would could do work exchanges between NALC and CALCS to help strengthen working together.

The chief executive noted that NALC projects manager Anders Hanson is Sheffield based and NALC has offered Lisa Etchell the role of Projects officer and she is based in Devon. We will be looking at agile working patterns as well as setting out the rules for face to face meetings.

Cllr Chater asked whether there was enough emphasis on joint working with other tiers of local government. The chief executive agreed it should feature more strongly but also with other agencies such as the NHS, the police etc. We want them to recognise what we do.

### **Finance update**

Cllr Stevens gave an update on NALC finances. He said that the audit is all but complete and the end of year accounts show a surplus of £17k which is taking into account planned spending on some big projects such as Civility, IT and website projects.

Assembly in September will look at affiliation fee proposal and the full accounts.

### **Electoral arrangements**

Assembly members were given a demonstration of the proposed online voting system for assembly elections this year.

Cllr Blezzard proposed that NALC moves to a STV system of voting however Cllr Baxter proposed that we do this in 2 stages, the first stage being making the move to electronic voting on the current electoral basis and then consider this in the future. Cllr Stevens advised that a move to STV could involve a change in constitution.

Cllr Valladares asked how NALC would monitor the diversity of candidates and agreed with the proposal to move to STV. Cllr Baxter said that she is the only



female on management board and encouraged younger people and women to stand.

It was proposed that consideration should be given to holding hustings during the election process and it was agreed to consider this at the assembly meeting in September.

Cllr Scott asked what had happened to the review of the new committee and governance structure previously proposed. The chief executive responded that finance and scrutiny committee were currently reviewing core governance documents. Assembly had received a report back from committees on their view of the operation of the new arrangements previously. It was agreed that these issues should be considered by the management board in the first instance and be picked up in the new assembly's work programme.

**Resolved:** That the assembly elections 2021 are held electronically under current election procedures and consider updating the constitution for the next round of assembly elections in 2023.

### **Monitoring and managing performance and service delivery**

To note the latest corporate performance statistics and NALC activity report.

**Resolved:** That the activity report be received.

### **Committee Issues**

To receive summary highlight reports from committee chairs.

#### Management board

The chairman advised that all issued covered by Management board had been discussed throughout the meeting and had nothing else to add.

#### Finance and scrutiny committee

Cllr Davey provided an update on the recent meeting of the committee

- Finance and Scrutiny Committee meetings have been moved to fall better in line with financial actual performance of the association and emerging trends.
- The final accounts and an independent Scrutiny report will be presented to National Assembly on 16 September 2021.
- The headline figures for Q1 of the 2021/2022 financial year have confirmed that we are on track in both income streams and expenditure to budget, both of which have been ratified by the heads of services.

- Bank balances on the 9 July 2021 were £898,948 against £759,373 for the same period last year however there were still 10 CALCs affiliation payments of 80% due by 30 June 2021 still outstanding accepting that there might well be a pipeline effect however CALCs were requested to check that their payment had in fact been made.
- A procedural review of Governance was well underway covering Pensions Explained, Financial regulations, The Constitution, Risk Assessment and Business recovery and Financial Treasury Management.
- On completion of the IT system becoming cloud based and the latest initiative being implemented on the website with the current providers the future requirements, including hardware, software, IT support, Website design and hosting will go out to tender to ensure that the NALCs ongoing costs in these critical areas are the most effective for our current and future needs whilst offering best value for money. The ongoing support and development of both IT and our website could well be provided by a single company experienced in both.

#### Policy committee

Assembly noted the report from Cllr Francis.

#### Larger Councils' committee

Cllr Harvey gave a summary of the recent meeting of the committee including presentations from CCLA and Blachere. Cllr Harvey also referred to the national youth campaign and NALC's support to the work being carried out to persuade younger people to stand for election moving forward.

#### Smaller Councils' committee

Cllr Ford referred to the summary report of the recent meeting of the committees and requested that the chairman of smaller councils has a seat on management board. A debate ensued in which members gave a range of options such as should we have a middle councils committee, whether larger and smaller councils should be run as forums or special interest groups rather than committees.

Cllr Browse suggested that this is a debate for management board to have and reminded the committee that 2 members of the committee also sit on management board.

**Resolved:** that the report be received

**Resolved:** that management board consider the report from smaller councils' committee

**Next meeting**

**Resolved:** That the next meeting of National Assembly be held on 16 September 2021 via zoom.

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COUNCILLOR SUE BAXTER

NALC  
BUDGET 2020/21

£ 1,920    £ 1,978    £ 2,037    cap  
7.49                      7.72                      7.95 pence

	12 Months 2020/21	Budget Reviewed 2021/22	1.00% Budget 2022/23	3.00% Indicative Budget 2023/24	3.00% Indicative Budget 2024/25
INCOME	£	£	£	£	£
Affiliations	1,092,938	1,132,700	1,154,027	1,188,648	1,224,307
Publications & Events	39,833	22,500	35,000	35,000	35,000
Commissions & Other Income	97,752	77,000	77,000	77,000	72,000
Development & Project Income	28,216	30,000	30,000	30,000	30,001
	1,258,739	1,262,200	1,296,027	1,330,648	1,361,308
EXPENSES					
Accommodation, Insurance, Repairs & maintenance, includes Website development	133,719	145,500	155,500	163,500	163,500
Net staffing after recharges incl agency, consultancy, planning support	907,262	942,760	949,162	945,411	963,517
Democracy	3,953	24,500	24,500	48,000	48,000
Promotions	6,765	20,000	20,000	20,000	20,000
Operating expenses & sundries	104,561	127,250	127,500	132,500	132,500
Reserve tfs	85,000		25,000		
Total Expenditure	1,241,260	1,260,010	1,301,662	1,309,411	1,327,517
Surplus/deficit	17,479	2,190	( 5,635)	21,236	33,792

Publication  
**Annual  
Report  
2020/21**

**National Association  
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# A MESSAGE FROM THE CHAIRMAN OF THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

It's been another challenging year. One positive has been how local (parish and town) councils responded to the coronavirus pandemic to support their residents in these most difficult times. NALC would like to thank councils, councillors, clerks, council staff and county associations, and our own NALC staff for all their work to help.

NALC's collection of over 500 case studies show the breadth of our sector's contribution to the pandemic response. It is good that government ministers and many national organisations have recognised the role of local councils. Just one great example of this is a report from the Royal Voluntary Service that noted: "There's nothing more local than the parish or town council. They know their local community street by street and to say they inspired and supported local volunteering in response to COVID-19 is an understatement".

An estimated 12,400,000 people volunteered during the pandemic, 4,600,000 of them for the first time, of whom 75% would volunteer again. So the challenge for us all is to retain the interest from these new volunteers and put councils at the heart of recovery and building back better.

There is much support for developing our role in this way, with many think tanks and reports stressing the importance of building community resilience focusing on the place. The sector must continue to grow by creating new councils such as Northampton Town Council, now the country's largest.

Also illustrative of our support is new research on local communities from the think tank Centre for Social Justice, which backed NALC's Prospectus for ultra-localism and, in particular, aimed at creating more local councils. Their Pillars of community: why communities matter and what matters to them report says, "Parish council-level representation provides a vital, highly local level of democratic accountability and decision-making".

The government's white papers on levelling up and recovery are expected this autumn, which we hope will support these developments and recognise the critical role the sector can play in levelling up by giving the proper support. As NALC chair, I have been making this case in meetings with ministers and other national figures, including Christopher Pincher MP (minister for housing), Lord Gardiner of Kimble (minister for rural affairs), Luke Hall MP (minister for regional growth and local government), Baroness Barran (minister for civil society), Nigel Huddleston MP (minister for sport and tourism) and Cllr James Jamieson, chairman of the Local Government Association.

No one would have expected us all to take to remote meetings so easily, quickly, and successfully. The government must listen to our collective pleas and allow councils the freedom to continue to meet in this way if they want to.

# A MESSAGE FROM THE CHAIRMAN OF THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

The pandemic created some financial challenges, especially for larger councils due to lost income, mitigated through reduced spending and the use of reserves. Local councils didn't get as much access to government funding as we hoped, with only a handful of principal authorities providing financial support. However, the job retention scheme and deferment of loan payments were made available. Overall, the sector's finances are generally healthy and resilient. Precept increases are at the lowest rate for a decade at 2.8%. NALC will continue to press the government not to introduce referendum principles and provide fairer funding, including direct access to government support and grants.

NALC and county associations have helped councils right from the start of the pandemic. We've seen closer joint working, including weekly fortnightly remote meetings between NALC staff and county officers.

Representatives of county associations on our National Assembly and its committees have continued to direct our work through online meetings. There have been positive benefits from this new way of working, including saving time and resources and enabling more frequent meetings, which allowed us to set up new national networks for coastal councils, women councillors, LGBT+ councillors, and young women councillors. NALC has agreed to continue with a hybrid mix of face-to-face and remote meetings going forward.

Beyond the initial priority of our response, NALC has continued to focus on its key campaigns, including:

- Encouraging more people to stand in elections and increasing diversity through the #MakeAChange campaign. It was good to see better coverage of local council elections on the BBC this year.
- Promoting the sector's role in health and well-being, including showcasing councils' work building dementia-friendly communities in a publication presented to the prime minister at Number 10 Downing Street.
- Providing a range of resources from carbon and plastic reduction to tree planting to help local councils play their part in tackling the climate and ecological emergency.
- Promoting engagement with younger people (watch our online event on how to get young people involved in local councils, which features some inspiring stories and ideas — one of many online events we've held over the last year that attracted over 2,000 attendees).

NALC has also continued, with your involvement and support, to make representations to Members of Parliament and the House of Lords, with our remote Lobby Day working well. Please regularly engage with your MPs and participate in Lobby Day, telling them about the brilliant things you're doing and



# A MESSAGE FROM THE CHAIRMAN OF THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

the issues that concern you. We can't win every battle, but this year's campaign success on business rates on public conveniences, "the toilet tax", will save councils millions of pounds per year.

We are pleased to support the All-Party Parliamentary Group on local democracy. We are grateful to co-chairs Richard Holden MP and Cheryllyn Mackory MP and other prominent members such as Baroness Ros Scott and Lord John Lytton for raising the sector's profile in parliament. NALC shared the sector's views on legislation, including the Environment Bill and the Non-Domestic Rates (Public Conveniences) Bill, consultations on the LGA's code of conduct, the planning white paper, and Parliamentary Committees inquiries into devolution, housing, and planning reform.

NALC continues to provide a wealth of resources for county associations, including legal topic notes, finance advice, and HR templates. This year we added a risk assessment tool to help councils make buildings COVID-19 secure. Our suite of The Good Councillor's guides continues to be popular and well used. This year we added The Good Councillor's guide to community business and The Good Councillor's guide to cyber security. It is encouraging that many of these are accessed online on our website, with around 300,000 downloads.

Several partners have supported our work, sponsored our events, shared resources, and held webinars for councils and councillors. Thanks to BHIB Councils Insurance, Blachere Illumination and CCLA for their continued support and our other partners; Breakthrough Communications, Microshade VSM, Salix Finance, Scribe and Utility Aid.

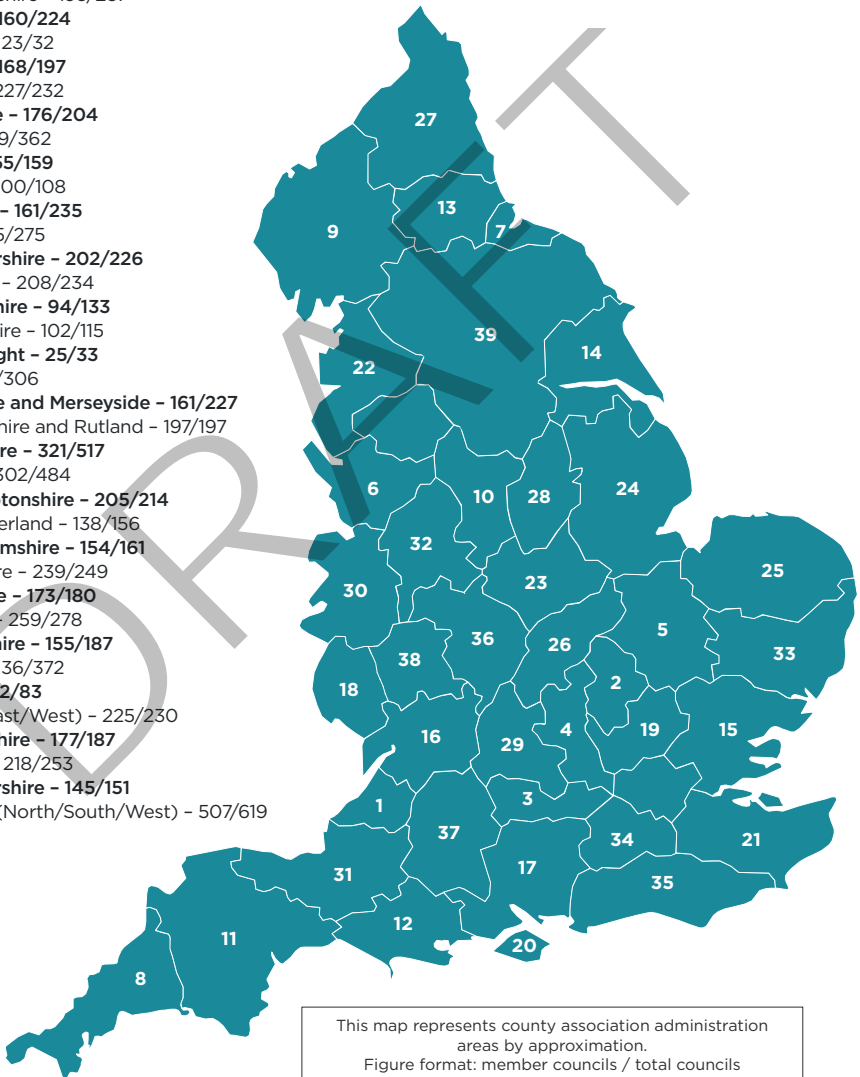
Finally, civility and respect should be at the heart of public life. Good governance is fundamental to ensuring an effective and well-functioning democracy at all levels. As the first tier of local government, we must play our part in making this happen. NALC is working together with county associations and the Society of Local Council Clerks to promote civility and respect in public life, good governance, positive debate and supporting the well-being of councillors, professional officers and staff. If we can achieve this, the sector's future will be secure and at the heart of building back better communities over the next few decades.

S S Baxter.



# LOCAL COUNCIL MEMBERSHIP BY COUNTY AREA

1. Avon - 124/132
2. Bedfordshire - 116/118
3. Berkshire - 88/94
4. Buckinghamshire - 175/182
5. Cambridgeshire - 195/237
6. Cheshire - 160/224
7. Cleveland - 23/32
8. Cornwall - 168/197
9. Cumbria - 227/232
10. Derbyshire - 176/204
11. Devon - 339/362
12. Dorset - 155/159
13. Durham - 100/108
14. ERNLLCA - 161/235
15. Essex - 275/275
16. Gloucestershire - 202/226
17. Hampshire - 208/234
18. Herefordshire - 94/133
19. Hertfordshire - 102/115
20. Isle of Wight - 25/33
21. Kent - 297/306
22. Lancashire and Merseyside - 161/227
23. Leicestershire and Rutland - 197/197
24. Lincolnshire - 321/517
25. Norfolk - 302/484
26. Northamptonshire - 205/214
27. Northumberland - 138/156
28. Nottinghamshire - 154/161
29. Oxfordshire - 239/249
30. Shropshire - 173/180
31. Somerset - 259/278
32. Staffordshire - 155/187
33. Suffolk - 336/372
34. Surrey - 82/83
35. Sussex (East/West) - 225/230
36. Warwickshire - 177/187
37. Wiltshire - 218/253
38. Worcestershire - 145/151
39. Yorkshire (North/South/West) - 507/619



# FINANCE AND SCRUTINY REPORT

Cllr Keith Stevens, NALC vice-chairman (finance) and Cllr Peter Davey, chairman of the Finance and Scrutiny Committee, oversee the finances of NALC.

The financial statements for the year to 31 March 2021 show a surplus of £102,479, of which £85,000 has been transferred to reserves for the civility & respect project and IT improvements/website development.

The surplus exceeds the original budget due to the cessation of all face-to-face meetings and reduced operating and accommodation expenses due to the COVID-19 pandemic.

We still need to build our reserves beyond the minimum level of 13 weeks. The National Assembly has recommended that the 2022/23 affiliation fee be increased by 1% rather than the budgeted 3% to reflect the hardship experienced during COVID-19. Even as restrictions ease, there will not be a total return to face-to-face meetings.

There has not been a formal valuation of our freehold building, but it has been agreed that the valuation in our balance sheet should be adjusted to present accurate and fair accounts. We expect this to be a temporary reduction, and a formal valuation will be sought during the current financial year.

The Finance and Scrutiny Committee, chaired by Cllr Peter Davey, has continued to meet virtually during the COVID-19 outbreak. The revised meeting dates have enabled us to review both the previous quarters' accounts and the current quarters trading at the earliest possible time. This has helped us continue monitoring the management and year-end accounts whilst also receiving regular reports from Heads of Service on delegated budget targets, including any sensitivities/trends in either budgeted income streams or expenditure and cash levels being monitored every week.

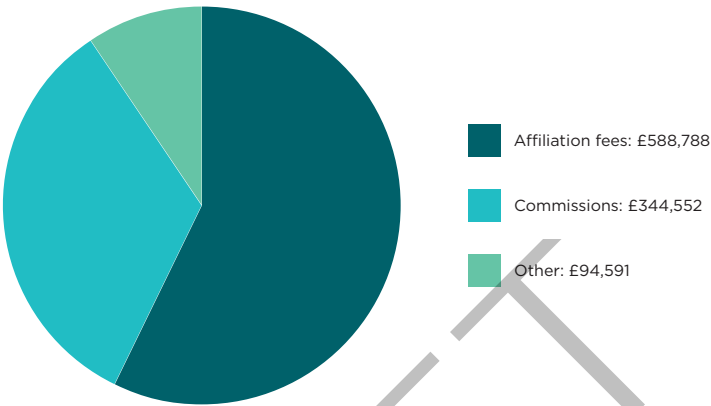
We have received the final audited accounts from the external auditors, Milton Avis, confirming the unqualified audit position of NALC for the 2020/21 financial year. Milton Avis also scrutinised more complex systems testing in certain areas, including affiliation fees, expenses and payroll. These additional tests supplemented their other audit work and supported the conclusions reached in their audit of the accounts.

We want to thank all the staff for changing their working practices and carrying on in the face of the challenging circumstances created by the pandemic. Our events programme changed significantly, enabling us to reach far more members and maintain relationships with our corporate partners.

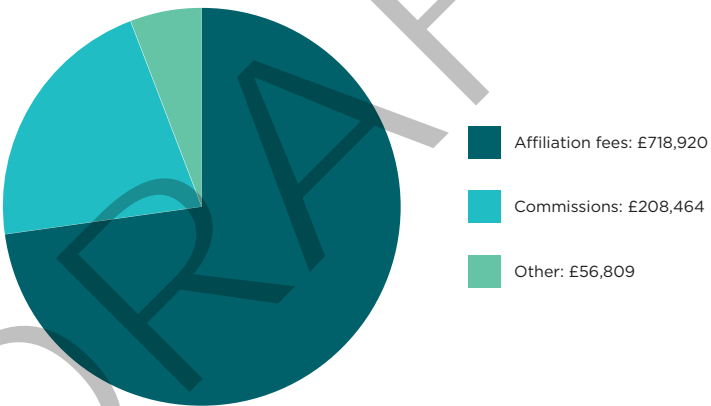
Cllr Keith Stevens and Cllr Peter Davey

NALC INCOME

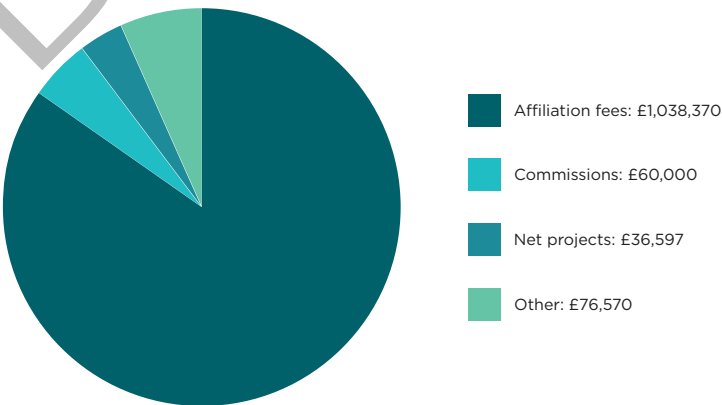
2007



2012

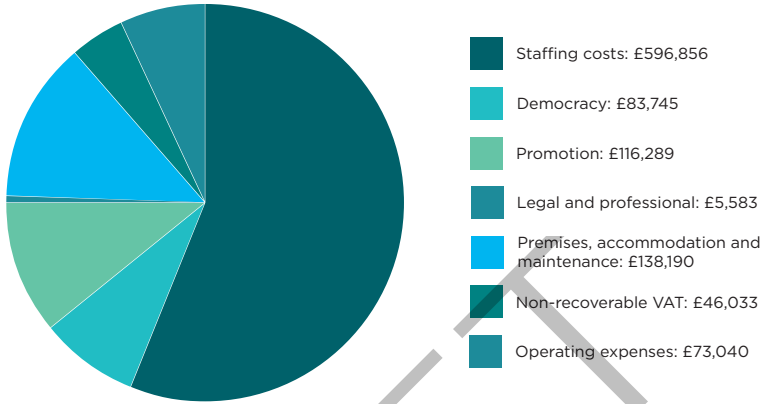


2020

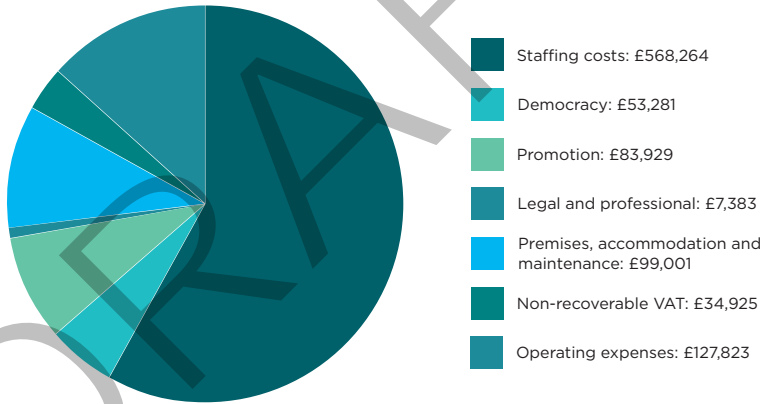


# NALC EXPENDITURE

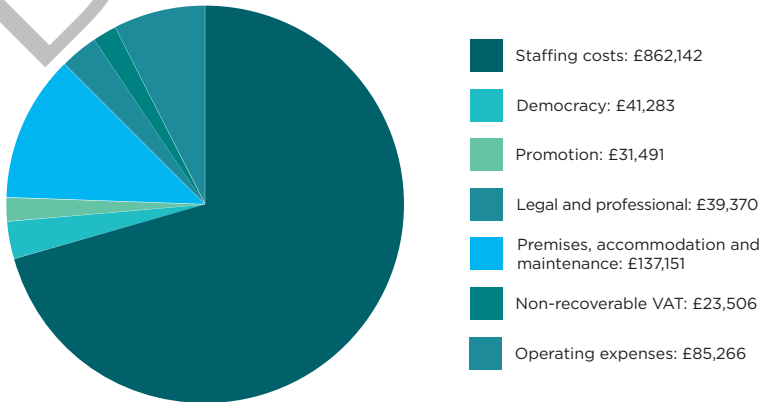
2007



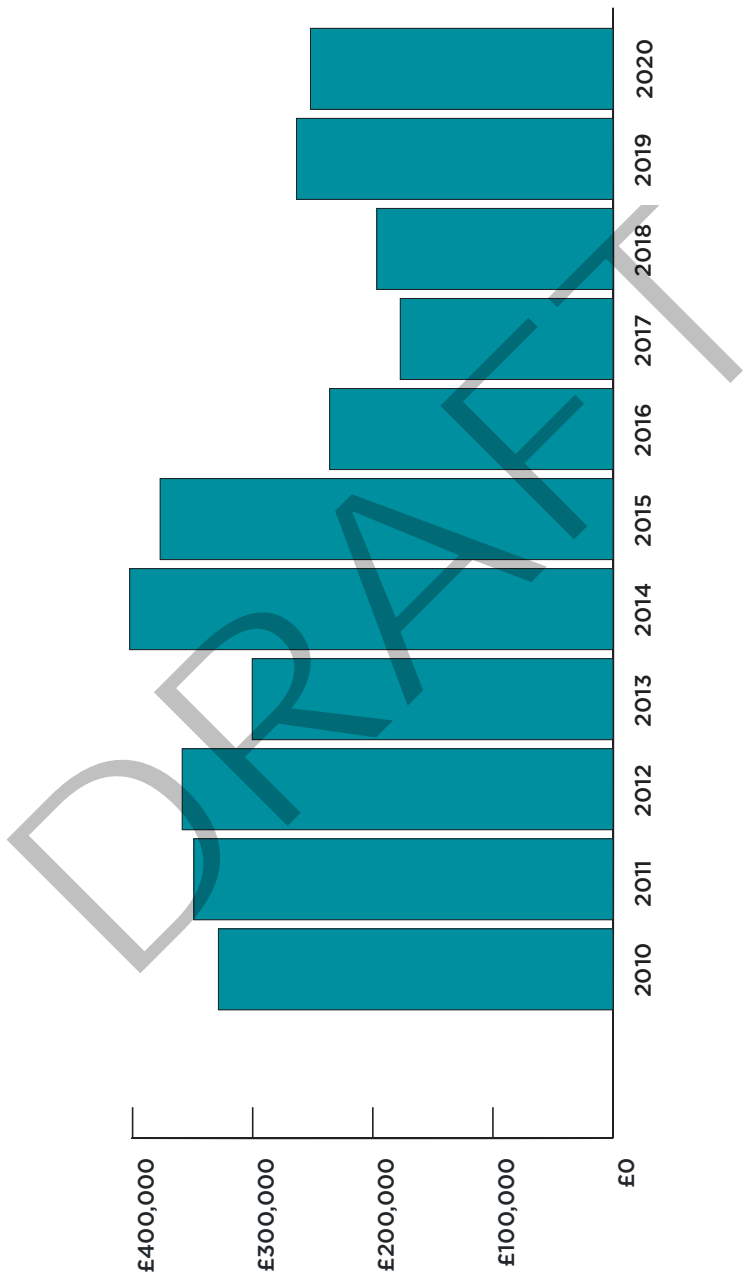
2012



2020



NALC RESERVES



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

## Opinion

We have audited the financial statements of The National Association of Local Councils (the 'Association') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the information given in the finance section of the annual report is consistent with the financial statements.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

## Other information

The board members are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board members' Report has been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the board members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Board members' Report and from the requirement to prepare a Strategic Report.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

## **Responsibilities of the Finance and Scrutiny Committee**

The board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

## **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

## **Use of our report**

This report is made solely to the Association's members. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Sampson, senior statutory auditor for Milton Avis LLP

Milton Avis LLP, Chartered Accountants, Statutory Auditors, Pitt House, 120 Baker Street, London W1U 6TU

15 October 2020



4,435

ADMIN, FINANCE  
AND LEGAL QUERIES



477

LEGAL AND FINANCE  
GUIDANCE ISSUED

# ACCOUNTS FOR THE MEMBERS

## Statement of comprehensive income for the year ended 31 March 2020

	2020 (£)	2019 (£)
Turnover	1,395,569	1,350,595
Cost of sales	(183,297)	(165,122)
<b>Gross profit</b>	<b>1,212,272</b>	<b>1,185,473</b>
Administrative expenses	(1,220,209)	(1,115,386)
<b>Operating profit</b>	<b>(7,937)</b>	<b>70,087</b>
Interest payable and similar charges	(3,666)	(3,297)
<b>(Loss)/profit for the financial year</b>	<b>(11,603)</b>	<b>66,790</b>

The notes on page 20 to 23 form part of these financial statements.

## Balance sheet as at 31 March 2020

	Note	2020 (£)	2019 (£)
<b>Fixed assets</b>			
Tangible assets	3	2,521,342	2,514,617
<b>Current assets</b>			
Debtors: amounts falling due with one year	4	58,720	79,541
Cash at bank and in hand	5	342,620	309,755
		<b>401,340</b>	<b>389,296</b>
Creditors: amounts falling due within one year	6	(170,805)	(140,433)
<b>Net current assets</b>		<b>230,535</b>	<b>248,863</b>
<b>Total assets less current liabilities</b>		<b>2,751,877</b>	<b>2,763,480</b>
<b>Net assets</b>		<b>2,751,877</b>	<b>2,763,480</b>
<b>Capital and reserves</b>			
Revaluation reserve		1,944,191	1,944,191
Building reserve		555,809	555,809
Building maintenance reserve		57,347	57,347
Equipment reserve		14,290	14,290
Accumulated fund		180,240	191,843
		<b>2,751,877</b>	<b>2,763,480</b>

The financial statements were approved on behalf of the Finance and Scrutiny Committee on 15 October 2020.  
Cllr Keith Stevens, NALC vice-chair (finance)

The notes on page 20 to 23 form part of these financial statements.

**186,200  
FACEBOOK  
IMPRESSIONS**



**2,052,300  
TWITTER  
IMPRESSIONS**



## Statement of changes in equity for the year ended 31 March 2020

	Revaluation reserve (£)	Building reserve (£)	Building maintenance reserve (£)	Equipment reserve (£)	Accumulated reserve (£)	Total equity (£)
<b>At 1 April 2018</b>	<b>1,944,191</b>	<b>555,809</b>	<b>57,347</b>	<b>14,290</b>	<b>125,053</b>	<b>2,696,690</b>
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	66,790	66,790
Total comprehensive income for the year	-	-	-	-	66,790	66,790
<b>At 1 April 2019</b>	<b>1,944,191</b>	<b>555,809</b>	<b>57,347</b>	<b>14,290</b>	<b>191,843</b>	<b>2,763,480</b>
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(11,603)	(11,603)
Total comprehensive income for the year	-	-	-	-	(11,603)	(11,603)
<b>At 31 March 2020</b>	<b>1,944,191</b>	<b>555,809</b>	<b>57,347</b>	<b>14,290</b>	<b>180,240</b>	<b>2,751,877</b>

The notes on page 20 and 23 form part of these financial statements.

## **Notes to the financial statements for the year ended 31 March 2020**

### **1. Accounting policies**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland. The presentation currency is pounds sterling. The following principal accounting policies have been applied:

#### **1.2 Revenue**

Income represents net invoiced sales, commissions, rents and affiliation fees excluding VAT. Other operating income comprises commissions and trading income which may be of a commercial nature together with grants.

#### **1.3 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Freehold property - no depreciation provided  
Fixtures and fittings - 20%  
Office equipment - 25%  
Web development costs - 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### **1.4 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are



undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

### **1.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### **1.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **1.7 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### **1.8 Taxation**

The Association is exempt from income tax on its income under section 838 of the Income Tax Act 2007 and from corporation tax under section 984 of the Corporation Tax Act 2010.

## **2. Employees**

The average monthly number of employees during the year was 17 (2019: 15).

### 3. Tangible fixed assets

	Freehold property (£)	Fixtures and fittings (£)	Office equipment (£)	Total (£)
<b>Cost or valuation</b>				
At 1 April 2019	2,500,000	140,630	123,545	2,764,175
Additions	-	3,394	10,445	13,839
<b>At 31 March 2020</b>	<b>2,500,000</b>	<b>144,024</b>	<b>133,990</b>	<b>2,778,014</b>
<b>Depreciation</b>				
At 1 April 2019	-	138,424	111,134	249,558
Charge for the year on owned assets	-	1,587	5,527	7,114
<b>At 31 March 2020</b>	<b>-</b>	<b>140,011</b>	<b>116,661</b>	<b>256,672</b>
<b>Net book value</b>				
<b>At 31 March 2020</b>	<b>2,500,000</b>	<b>4,013</b>	<b>17,329</b>	<b>2,521,342</b>
At 31 March 2019	2,500,000	2,206	12,411	2,514,617

The Finance and Scrutiny Committee obtained valuations of the freehold property in 2016 which are well in excess of the book value and they feel a valuation of £2,500,000 remains appropriate.

The freehold premises are held by NALC (1994) Limited (a company limited by guarantee) in trust for the National Association of Local Councils.

#### 4. Debtors

	2020 (£)	2019 (£)
Trade debtors	28,875	42,736
Other debtors	21,287	24,504
Prepayments and accrued income	8,558	12,301
	<b>58,720</b>	<b>79,541</b>

#### 5. Cash and cash equivalents

	2020 (£)	2019 (£)
Cash at bank and in hand	342,620	309,755
	<b>342,620</b>	<b>309,755</b>

#### 6. Creditors: Amounts falling due within one year

	2020 (£)	2019 (£)
Trade creditors	36,648	35,318
Other creditors	120,147	92,678
Accruals and deferred income	14,010	12,437
	<b>170,805</b>	<b>140,433</b>

#### 7. Pension scheme

NALC participates in two pension schemes on behalf of its members:

1. The Pensions Trust has advised NALC that there was a deficit of approximately £476,000 as at 30 September 2016 if NALC was to withdraw from the scheme. This matter is being addressed and additional annual contributions are being made to extinguish the deficit. The contribution

required for the coming year to 31 March 2021 is £26,309.

2. NALC also contributes to the Local Government Pension Scheme which is fully funded, but if valued on a cessation basis if NALC were to leave the scheme, would give a deficit of £531,000 as at 31 March 2016.

## Detailed profit and loss account for the year ended 31 March 2020

	2020 (£)	2019 (£)
Turnover	1,395,569	1,350,595
Cost of sales	(183,297)	(165,122)
<b>Gross profit</b>	<b>1,212,272</b>	<b>1,185,473</b>
Less: overheads		
Administration expenses	(1,220,209)	(1,115,386)
<b>Operating (loss)/profit</b>	<b>(7,937)</b>	<b>70,087</b>
Interest payable and similar charges	(3,666)	(3,297)
<b>(Loss)/profit for the year</b>	<b>(11,603)</b>	<b>66,790</b>

## Schedule to the detailed accounts for the year ended 31 March 2020

	2020 (£)	2019 (£)
<b>Turnover</b>		
Affiliation fees receivable	1,058,730	1,025,140
Publication sales	88,572	20,838
Events and projects income	230,330	292,159
Other income	17,937	12,458
	<b>1,395,569</b>	<b>1,350,595</b>
<b>Cost of sales</b>		
Direct expenditure	183,297	165,122
	<b>183,297</b>	<b>165,122</b>
<b>Administration expenses</b>		
Staff costs including recruitment and training	862,142	787,928
Staff travel	11,778	8,628
Consultancy	11,128	8,241
Non-recoverable VAT	23,506	22,456
Legal and professional	34,087	30,571
Auditors' remuneration	5,283	5,283
Professional indemnity insurance	15,536	14,672
Premises, accommodation and maintenance	130,038	124,075
Depreciation	7,113	6,965
Committee expenses	6,289	7,172
Representatives expenses	31,244	25,706
General meetings	6,000	6,000
Membership fees	3,636	3,635
Books, periodicals and law library	2,487	2,668
Information services	13,468	15,791
Promotion	22,628	12,515
Corporate hospitality	2,863	2,667
Administration expenses	27,233	27,163
Chairmen allowances	3,750	3,250
	<b>1,220,209</b>	<b>1,115,386</b>
<b>Interest payable</b>		
Interest payable and similar charges	3,666	3,297
	<b>3,666</b>	<b>3,297</b>



**634**

NUMBER OF COUNCILS  
**ACCREDITED**  
OR WORKING TOWARDS  
**LOCAL COUNCIL**  
**AWARD SCHEME**



**3,500**  
**CLERKS**  
QUALIFIED IN  
**CiLCA**

# GOVERNANCE OF THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

## **President**

Vacant

## **Vice-president**

The Earl of Lytton  
Brian Kerr OBE  
Michael Chater OBE

## **Chairman**

Cllr Sue Baxter

## **Vice-chairmen**

Cllr Mike Drew (member services)  
Cllr Keith Stevens (finance)

## **National Assembly**

Cllr Mike Drew, Avon Association of  
Local Councils

Cllr Elizabeth Luder, Bedfordshire  
Association of Town and Parish  
Councils

Cllr Tim O'Flynn, Berkshire Association  
of Local Councils

Cllr Paul Harvey, Buckinghamshire and  
Milton Keynes Association of Local  
Councils

Cllr Mike Tew, Cambridgeshire and  
Peterborough Association of Local  
Councils

Cllr Lillian Burns, Cheshire Association  
of Local Councils

Cllr Jim Wingham, Cleveland Local  
Councils Association

Cllr Graham Ford, Cornwall Association  
of Local Councils

Cllr Diana Ruff, Derbyshire Association  
of Local Councils

Cllr Ken Browse, Devon Association of  
Local Councils

Cllr Lindsey Dedden, Dorset  
Association of Parish and Town  
Councils

Cllr Terry Batson, Durham Association  
of Local Councils

Cllr Keith Stevens, East Sussex  
Association of Local Councils

Cllr Gordon Thurston, East Riding and  
Northern Lincolnshire Local Councils  
Association

Cllr Peter Davey, Essex Association of  
Local Councils

Cllr Mark Harris, Gloucestershire  
Association of Parish and Town  
Councils

Cllr Loraine Rappe, Hampshire  
Association of Local Councils

Cllr Will Jackson, Herefordshire  
Association of Local Councils

Cllr Rob McCarthy, Hertfordshire  
Association of Parish and Town  
Councils

# GOVERNANCE OF THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

Cllr Bob Blezzard, Isle of Wight  
Association of Local Councils

Cllr Richard Parry, Kent Association of  
Local Councils

Cllr Colin Peacock, Lancashire  
Association of Local Councils

Cllr John Springthorpe, Leicestershire &  
Rutland Association of Local Councils

Cllr Tony Howard, Lincolnshire  
Association of Local Councils

Cllr Ken Cleary MBE, Merseyside  
Association of Local Councils

Cllr Phil Harris, Norfolk Association of  
Local Councils

Cllr Avis Thomas, North Yorkshire  
Association of Local Councils

Cllr Mike Scott, Northamptonshire  
County Association of Local Councils

Cllr David Francis, Northumberland  
Association of Local Councils

Cllr Malcolm Leeding MBE, Oxfordshire  
Association Local Councils

Cllr David Beechey, Shropshire  
Association of Local Councils

Cllr Loretta Whetlor, Somerset  
Association Local Councils

Cllr Derek Liddell, South Yorkshire  
Association of Local Councils

Cllr Patricia Ansell, Staffordshire Parish  
Councils Association

Cllr William Sargeant, Suffolk  
Association Local Councils

Cllr Steve Cosser, Surrey Association of  
Local Councils

Cllr Rosie Weaver, Warwickshire and  
West Midlands Association of Local  
Councils

Cllr Terry Oliver, West Sussex  
Association of Local Councils

Cllr Peter Allison, West Yorkshire  
Association of Local Councils

Cllr John Scragg, Wiltshire Association  
of Local Councils

Cllr Derek Killingworth, Worcestershire  
Association of Local Councils

## **Management Board**

Cllr Sue Baxter (chair)

Cllr Bob Blezzard

Cllr Ken Browse

Cllr Peter Davey

Cllr Mike Drew

Cllr David Francis

Cllr Paul Harvey

Cllr Derek Liddell

Cllr Richard Parry

Cllr Mike Scott

Cllr Keith Stevens



# GOVERNANCE OF THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

## **Finance and Scrutiny Committee**

Cllr Peter Davey (chair)  
Cllr Graham Ford  
Cllr John Plant  
Cllr Loraine Rappe  
Cllr Keith Stevens  
Cllr Gordon Thurston

## **Policy Committee**

Cllr David Francis (chair)  
Cllr Peter Allison  
Cllr Sue Baxter  
Cllr Lillian Burns  
Ms Carole Burslem  
Cllr Malcolm Leeding MBE  
Cllr Colin Peacock  
Cllr Rosie Weaver

## **Larger Councils Committee**

Cllr Paul Harvey (chair)  
Cllr Peter Astwell  
Cllr Phill Barnett  
Cllr Sue Baxter  
Cllr Jane Biscombe  
Ms Leah Coney  
Cllr Mike Drew  
Cllr Dave Fleming  
Cllr Donna Fuller  
Cllr Mark Harris  
Cllr Carl Hearn  
Cllr Richard Parry  
Cllr Peter Quinn  
Cllr Isabel Roberts  
Cllr Sue Smith  
Mr Mark Smith  
Ms Shar Roselman  
Cllr Sandie Webb

## **Smaller Councils Committee**

Cllr Graham Ford (chair)  
Cllr Lillian Burns  
Cllr Malcolm Leeding MBE  
Cllr Josephine Parish  
Mr Stephen Rickitt  
Ms Lydia Smithson  
Cllr Gordon Thurston

## **Improvement and Development Board**

Mr Jonathan Flowers (chair)  
Ms Wendy Amis  
Cllr Sue Baxter  
Ms Linda Carter  
Ms Charlotte Eisenhart  
Ms Helen Jenkins  
Ms Sally Longmate  
Ms Lis Moore  
Ms Alison Morris  
Mr Jonathan Owen  
Ms Helen Quick  
Ms Alison Robinson  
Mr Rob Smith  
Ms Elisabeth Skinner  
Ms Jackie Weaver

DRAFT

DRAFT

DRAFT

**National Association of Local Councils**

020 7637 1865 | [nalc@nalc.gov.uk](mailto:nalc@nalc.gov.uk) | [www.nalc.gov.uk](http://www.nalc.gov.uk)

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**THE NATIONAL ASSOCIATION OF LOCAL COUNCILS**

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**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

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## THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

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## THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

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### BOARD MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The finance committee members present their report and the financial statements for the year ended 31 March 2021.

#### **Committee members' responsibilities statement**

The Finance committee members are responsible for preparing the Finance Committee's Report and the financial statements in accordance with applicable law and regulations.

The Finance committee is required to prepare financial statements for each financial year. The board members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The board members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the profit or loss of the Association for that period.

In preparing these financial statements, the finance committee members are required to:

- select suitable accounting policies for the Association's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Finance committee members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to auditors**

Each of the persons who are board members at the time when this Committee members' Report is approved has confirmed that:

- so far as the committee members is aware, there is no relevant audit information of which the Association's auditors are unaware, and
- the committee members has taken all the steps that ought to have been taken as a board members in order to be aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

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**THE NATIONAL ASSOCIATION OF LOCAL COUNCILS**

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**BOARD MEMBERS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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This report was approved by the board and signed on its behalf.

.....  
Committee member

Date:



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## THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

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#### Opinion

We have audited the financial statements of The National Association of Local Councils (the 'Association') for the year ended 31 March 2021, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the information given in the finance section of the annual report is consistent with the financial statements.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the associations ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NATIONAL ASSOCIATION OF LOCAL COUNCILS (CONTINUED)

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#### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The board members are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board members' Report has been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Board members' Report.

We have nothing to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the board members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Board members' Report.

#### Responsibilities of the Finance and Scrutiny committee

As explained more fully in the Board members' Responsibilities Statement set out on page 1, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NATIONAL ASSOCIATION OF LOCAL COUNCILS (CONTINUED)**

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**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the association and considered the risk of acts by the association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with FRS 102.

We considered compliance with this framework through discussions with the Finance and Scrutiny committee and performed audit procedures on these areas as considered necessary. Our procedures involved enquires with Management, review of the reporting to the Finance and Scrutiny committee with respect to compliance with laws and regulation review of board meeting minutes and review of legal correspondence.

We focused on laws and regulations that could give rise to a material misstatement in the association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation
- enquiries of management
- testing of journal postings made during the year to identify potential management override of controls
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

This report is made solely to the Association's members. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NATIONAL ASSOCIATION OF LOCAL  
COUNCILS (CONTINUED)

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Stephen Sampson (Senior Statutory Auditor)

for and on behalf of

**Milton Avis LLP**

Chartered Accountants  
Statutory Auditors

Pitt House  
120 Baker Street  
London  
W1U 6TU  
Date:

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**THE NATIONAL ASSOCIATION OF LOCAL COUNCILS**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

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	Note	2021 £	2020 £
Turnover		1,358,110	1,395,569
Cost of sales		(99,371)	(183,297)
<b>Gross profit</b>		<b>1,258,739</b>	<b>1,212,272</b>
Administrative expenses		(1,153,224)	(1,220,209)
<b>Operating profit/(loss)</b>		<b>105,515</b>	<b>(7,937)</b>
Interest payable and similar expenses		(3,036)	(3,666)
<b>Profit/(loss) for the year</b>		<b>102,479</b>	<b>(11,603)</b>
Retained earnings at the beginning of the year		180,240	191,843
		180,240	191,843
Profit/(loss) for the year		102,479	(11,603)
<b>Retained earnings at the end of the year</b>		<b>282,719</b>	<b>180,240</b>

The notes on pages 10 to 13 form part of these financial statements.

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**THE NATIONAL ASSOCIATION OF LOCAL COUNCILS**

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**BALANCE SHEET  
AS AT 31 MARCH 2021**

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	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	3	2,224,938	2,521,343
		<u>2,224,938</u>	<u>2,521,343</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	4	83,403	58,720
Cash at bank and in hand	5	385,279	342,620
		<u>468,682</u>	<u>401,340</u>
Creditors: amounts falling due within one year	6	(139,264)	(170,806)
<b>Net current assets</b>		<u>329,418</u>	<u>230,534</u>
<b>Total assets less current liabilities</b>		<u>2,554,356</u>	<u>2,751,877</u>
<b>Net assets</b>		<u><u>2,554,356</u></u>	<u><u>2,751,877</u></u>
<b>Capital and reserves</b>			
Revaluation reserve		1,644,191	1,944,191
IT Website Development Reserve		60,000	-
Building reserve		555,809	555,809
Building and maintenance reserve		57,347	57,347
Equipment reserve		14,290	14,290
Civility Fund		25,000	-
Accumulated Fund		197,719	180,240
		<u><u>2,554,356</u></u>	<u><u>2,751,877</u></u>

The financial statements were approved and authorised for issue by the board and were signed on behalf of the Finance and Scrutiny Committee on

.....  
**Cllr Keith Stevens**  
Vice Chairman (Finance)

The notes on pages 10 to 13 form part of these financial statements.

THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021

	IT Website Development Reserve	Revaluation reserve	Building reserve	Building maintenance reserve	Equipment reserve	Civility Fund Reserve	Accumulated fund	Total Reserves
	£	£	£	£	£	£	£	£
<b>At 1 April 2019</b>	-	1,944,191	555,809	57,347	14,290	-	191,843	2,763,480
<b>Comprehensive income for the year</b>								
Loss for the year	-	-	-	-	-	-	(11,603)	(11,603)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	(11,603)	(11,603)
<b>At 1 April 2020</b>	-	1,944,191	555,809	57,347	14,290	-	180,240	2,751,877
<b>Comprehensive income for the year</b>								
Profit for the year	-	-	-	-	-	-	102,479	102,479
Deficit on revaluation of freehold property	-	(300,000)	-	-	-	-	-	(300,000)
IT Website Development	60,000	-	-	-	-	-	(60,000)	-
Civility Fund	-	-	-	-	-	25,000	(25,000)	-
<b>Total comprehensive income for the year</b>	60,000	(300,000)	-	-	-	25,000	17,479	(197,521)
<b>At 31 March 2021</b>	60,000	1,644,191	555,809	57,347	14,290	25,000	197,719	2,554,356

The notes on pages 10 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The presentation currency is pounds sterling.

The following principal accounting policies have been applied:

**1.2 Revenue**

Income represents net invoiced sales, commissions, rents and affiliation fees excluding VAT. Other operating income comprises commissions and trading income which may be of a commercial nature together with grants.

**1.3 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- no depreciation provided
Fixtures and fittings	- 20%
Office equipment	- 25%
Web development costs	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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**1. Accounting policies (continued)**

**1.4 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**1.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.7 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.8 Taxation**

The Association is exempt from income tax on its income under section 838 of the Income Tax Act 2007 and from corporation tax under section 984 of the Corporation Tax Act 2010.

**2. Employees**

The average monthly number of employees, including directors, during the year was 18 (2020 - 17).

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**THE NATIONAL ASSOCIATION OF LOCAL COUNCILS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**3. Tangible fixed assets**

	Freehold property £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2020	2,500,000	144,024	133,990	2,778,014
Additions	-	-	12,837	12,837
Revaluations	(300,000)	-	-	(300,000)
At 31 March 2021	<u>2,200,000</u>	<u>144,024</u>	<u>146,827</u>	<u>2,490,851</u>
<b>Depreciation</b>				
At 1 April 2020	-	140,011	116,660	256,671
Charge for the year on owned assets	-	1,173	8,069	9,242
At 31 March 2021	<u>-</u>	<u>141,184</u>	<u>124,729</u>	<u>265,913</u>
<b>Net book value</b>				
At 31 March 2021	<u>2,200,000</u>	<u>2,840</u>	<u>22,098</u>	<u>2,224,938</u>
At 31 March 2020	<u>2,500,000</u>	<u>4,013</u>	<u>17,330</u>	<u>2,521,343</u>

In October 2020 the Finance and Scrutiny committee were advised by Lambert Smith Hampton, a firm of professional agents, that given the current market conditions the likely value of the property was £2,200,000. This is lower than the current book value and it is felt appropriate to substitute this lower value.

The finance committee has also been advised by other firms of estate agents that the market has been affected by COVID-19 but that the diminution in value is expected to be temporary. Further valuations of the property are to be sought in the coming year to provide an up to date valuation.

The freehold premises are held by NALC (1994) Limited (a company limited by guarantee) in trust for the National Association of Local Councils.

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THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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**4. Debtors**

	2021 £	2020 £
Trade debtors	21,391	28,875
Other debtors	24,312	21,287
Prepayments and accrued income	37,700	8,558
	<u>83,403</u>	<u>58,720</u>

**5. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	385,279	342,620
	<u>385,279</u>	<u>342,620</u>

**6. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	47,253	36,648
Other creditors	80,440	120,148
Accruals and deferred income	11,571	14,010
	<u>139,264</u>	<u>170,806</u>

**7. Pension scheme**

NALC participates in two pension schemes on behalf of its members:-

1. The Pensions Trust has advised NALC that there was a deficit of approximately £288,000 as at 30 September 2020 if NALC was to withdraw from the scheme. This matter is being addressed and additional annual contributions are being made to extinguish the deficit. The contribution required for the coming year to 31 March 2022 is £26,851.

2. NALC also contributes to the Local Government Pension Scheme which is fully funded, but if valued on a cessation basis if NALC were to leave the scheme, would give a deficit of £531,000 as at 31 March 2016.

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THE NATIONAL ASSOCIATION OF LOCAL COUNCILS

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**DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2021**

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	Note	2021 £	2020 £
Turnover		1,358,110	1,395,569
Cost Of Sales		(99,371)	(183,297)
<b>Gross profit</b>		<u>1,258,739</u>	<u>1,212,272</u>
<b>Less: overheads</b>			
Administration expenses		(1,153,224)	(1,220,209)
<b>Operating profit/(loss)</b>		<u>105,515</u>	<u>(7,937)</u>
Interest payable and similar charges		(3,036)	(3,666)
<b>Profit/(Loss) for the year</b>		<u><u>102,479</u></u>	<u><u>(11,603)</u></u>

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**THE NATIONAL ASSOCIATION OF LOCAL COUNCILS**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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	<b>2021</b> £	<i>2020</i> £
<b>Turnover</b>		
Affiliation fees	<b>1,112,939</b>	<i>1,058,730</i>
Publication sales	<b>23,031</b>	<i>88,572</i>
Events	<b>197,238</b>	<i>230,330</i>
Other income	<b>24,902</b>	<i>17,937</i>
	<u><b>1,358,110</b></u>	<u><i>1,395,569</i></u>
	<u><b>1,358,110</b></u>	<u><i>1,395,569</i></u>
	<b>2021</b> £	<i>2020</i> £
<b>Cost of sales</b>		
Direct expenditure	<b>99,371</b>	<i>183,297</i>
	<u><b>99,371</b></u>	<u><i>183,297</i></u>
	<u><b>99,371</b></u>	<u><i>183,297</i></u>

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**THE NATIONAL ASSOCIATION OF LOCAL COUNCILS**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Administration expenses</b>		
Staff salaries including recruitment and training	<b>903,011</b>	862,142
Staff Travel	-	11,778
Consultancy	<b>4,920</b>	11,128
Non recoverable Vat	<b>16,798</b>	23,506
Legal and professional	<b>8,305</b>	34,087
Auditors' remuneration	<b>5,793</b>	5,283
Professional indemnity insurance	<b>15,212</b>	15,536
Premises, accommodation and maintenance	<b>124,476</b>	130,038
Depreciation - plant and machinery	<b>9,243</b>	7,113
Committee expenses	-	6,289
Representative expenses	<b>203</b>	31,244
General meetings	-	6,000
Provision for bad debts	<b>8,000</b>	-
Membership fees	<b>4,034</b>	3,636
Books, periodicals & law library	<b>2,360</b>	2,487
Information services	<b>13,468</b>	13,468
Promotion	<b>6,765</b>	22,628
Corporate hospitality	-	2,863
Administration expenses	<b>26,886</b>	27,233
Chairman and Vice Chairman Allowances	<b>3,750</b>	3,750
	<b>1,153,224</b>	1,220,209
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest payable</b>		
Interest and Similar Charges	<b>3,036</b>	3,666
	<b>3,036</b>	3,666

## Claire FitzGerald

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**From:** Jonathan Owen  
**Sent:** 24 August 2021 11:24  
**To:** Jonathan Owen  
**Cc:** Anders Hanson; Justin Griggs; Jane Moore; Steve Walker  
**Subject:** LGA/Shared intelligence report on a framework for principal councils to use to support local councils play an increased role in service delivery and place shaping

To national assembly members and county officers

Colleagues from county associations and councils contributed to this important report from the LGA prepared by Shared Intelligence

<https://www.local.gov.uk/publications/local-service-delivery-and-place-shaping-framework-support-parish-and-town-councils>

It includes a number of case studies from councils and county associations and identifies a framework to underpin closer working between the tiers and to support devolution and levelling up.

I'd encourage you to use it as agenda for discussion with your upper tier colleagues and to help shape any county devo deals that may be being worked up following the Prime Ministers recent levelling up announcement. <https://www.gov.uk/government/news/pm-sets-out-new-county-deals-to-devolve-power-to-local-communities-in-levelling-up-speech>

According to the MJ:

“Areas that are expected to bid for a devolution deal include North Yorkshire, Surrey, Suffolk, East Riding and Hull, Devon and Hampshire.

A further band of county areas are holding fire until after publication of the Levelling up White Paper and are likely to bid for later deals.

They are believed to include Staffordshire, Kent, Dorset, and East and West Sussex.

Central Bedfordshire, Worcestershire, Oxfordshire, Lancashire and Northamptonshire are not expected to be among those at the front of the queue.”

We are expecting further details of the levelling up and devolution white paper to emerge during the conservative party conference.

We will have a session on this at the next National Assembly on 16 September and it would be good if county officers could brief their assembly members on how any local deals are shaping up in your county to share at that meeting.

All the evidence is that it is best for the sector to engage with these discussions early

Regards

Jonathan