

Building Capacity and Capabilities – The Fiscal Challenge for Local Councils

Research Summary

Introduction

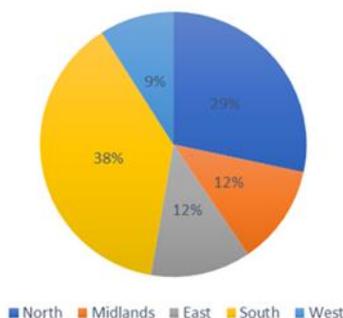
Within the context of onward devolution and a range of financial challenges, Andrew Tubb, Policy Advisor on part-time secondment with NALC and CEO of Cirencester Town Council undertook masters degree research with the University of Gloucestershire on building capacity and capabilities within the town and parish sector.

Acknowledgements

In undertaking this research, support was provided by the University of Gloucestershire, Cirencester Town Council, the National Association of Local Councils, Society of Local Council Clerks and Department for Communities and Local Government; personal thanks is also acknowledged for the time, advice and knowledge given by academic lead Dr Dougie Yourston, Elisabeth Skinner, Dr Timothy Thorogood, Professor Jane Wills and Councillor Lillian Burns.

Participants

Over 780 local councils participated in the research. 569 participants were clerks/chief executives, 134 councillors, 71 deputy clerks/RFO's and 9 locum/voluntary/unpaid clerks. Research participants represented all geographic areas of England, as summarised in the chart below:



The research covered local councils in England, as there are different devolution/local government arrangements in other parts of the UK.

Overview

Local councils play a vital role in meeting the diverse needs of local communities. Whilst there are fiscal challenges, often outside the direct control of a council, the sector has demonstrated resilience and a commitment to build capacity and capabilities in meeting social, economic and environmental needs in the places they are democratically elected to represent and be advocates for.

Limitations in size and scale mean that for each local council there is a choice in how best to serve their communities, over and above the day to day services that are provided; whether that be in influencing, participating or directly delivering services.

No evidence emerged which questioned the legitimacy of the sector; in fact, the research found that the range and type of services being delivered, closest to where people live, was an argument for all places in England, urban and rural, to be represented in this way.

The central-local 'relational' dimension of government is often influenced by the politics of the time and balancing national and subnational objectives. Albeit financially driven, there is currently a positive move and shift towards a more collaborative approach of joint working. Most recently (circa September 2017) with central government seeking proposals from principal councils to pioneer new pooling and 'tier-split' models of funding.

Herein lies an opportunity for local councils to engage with principal councils, to demonstrate together that an optimal efficiency can be achieved at the most local level; efficiency being evidenced through the ability of local councils to use limited resources so effectively and broadly in meeting local need.

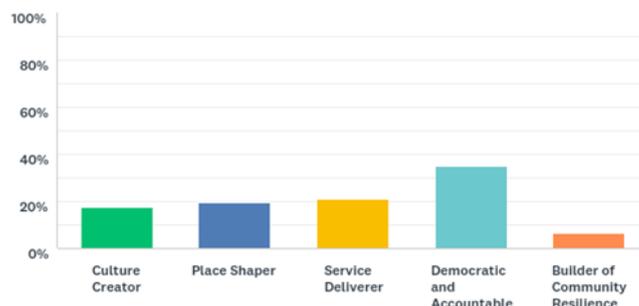
The research concluded that the 1st tier of local government is best placed for building capacity and capabilities at a local level and is an effective model for meeting the needs of people in urban and rural communities across the whole of England. The results of the research will be outlined in more detail in a practitioner report for stakeholders and professionals due to be available in early 2018.

The Capacity of Local Councils

- 61% employ 1 clerk
- 2.3% employ more than 25 staff
- 65% of clerks are employed for less than 15 hours per week
- 54% serve populations of less than 2,000 people
- 5.6% serve populations of 20,000+
- there were 2 councillor vacancies on average, per local council, over the past twelve months

The Role of Local Councils

The diverse uniqueness of towns and parishes across England is evidenced through the way in which local councils adapt and respond to their local communities; local councils were asked to consider their primary strength within the community, ranging from culture creators to building community resilience:

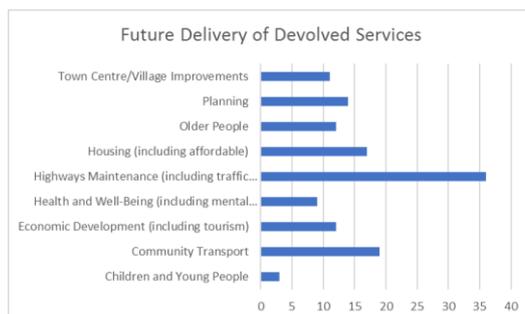


- 17% Culture Creator – creating the spirit of a local community through activities and opportunities to come together and participate
- 20% Place Shaper – through community and neighbourhood planning
- 21% Service Deliverer – taking the lead in delivering services at a local level
- 35% Democratic & Accountable – local advocacy and representation
- 7% Builder of Community Resilience – facilitator and enabler in building local capacity and capabilities

The research also established whether local councils were influencers, participators or directly delivered principal type services (e.g. highways and health & well-being):

- 56% influenced
- 30% participated (e.g. part funded/provided resources)
- 14% directly delivered

Of those who stated no direct involvement in principal type services, 133 local councils expressed an interest in directly taking the lead for principal type service provision in the future, across a range of functions:

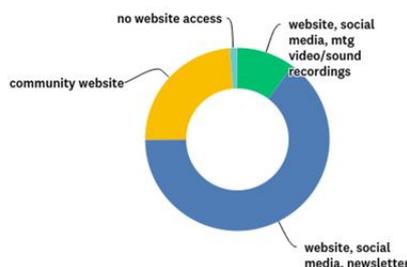


Training and Development

90% of local councils support and fund training for members and officers with 13% of local councils having successfully gained foundation, quality or gold, Local Council Award, accreditation.

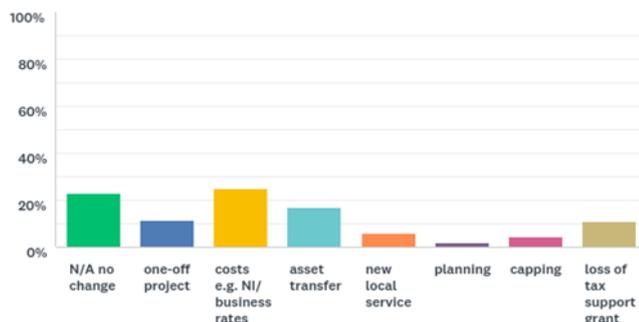
Transparency

99% of local councils publish information and engage with the public through a website, 10% of local councils publish a wide range of documents on-line and use social media to actively engage with the public as well as making video/sound recordings of its meetings available on-line:



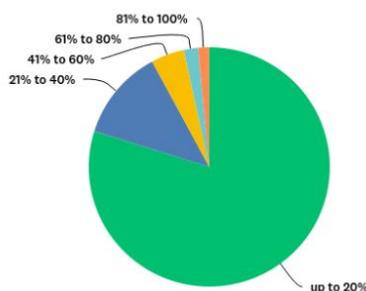
The Precept 2017/18

- 73% of local councils raised a precept of less than £100,000
- 2.9% raised a precept of over £1 million
- 27% of local councils decreased their precept/kept it at the same level as the previous year
- 22% of local councils increased their precept by less than 1.99%
- 51% of local councils increased their precept by more than 2%



Of those local councils which increased the precept, 14% stated that the increase was as a direct impact of losing council tax support grant, 6% to off-set against potential future impact of capping/referenda principle, 32% due to an increase in day to day running costs outside of the direct control of the council, such as business rates and employer national insurance contributions. 22% said they were taking over an asset/service from a principal authority and 15% were delivering a one-off project.

60% of participants said they were not solely reliant on the precept and used other sources of funding to contribute towards service delivery and overall expenditure; i.e. 376 local councils fund 20% of total expenditure from other sources, with other councils funding 21% to 100% of expenditure from other sources, as per the chart below:



General Reserves

54% of local councils have a general reserve of less than £25,000; 28% having a general reserve of between £25k and £100k. Only 18% of local councils had a general reserve which was more than £100,000.

Financial Management and Assets

15% of local councils regularly engage with the public through social media and provide information about service delivery and precept implications, undertaking formal budget consultation; 65% publish budget information for the public within their meeting agenda but do not undertake any formal consultation.

10% of local councils set financial performance targets and have a medium term financial plan. This is used as a management tool to minimise the impact of financial pressures on the precept. 65% of local councils prepare an income and expenditure budget but do not have a medium term financial plan.

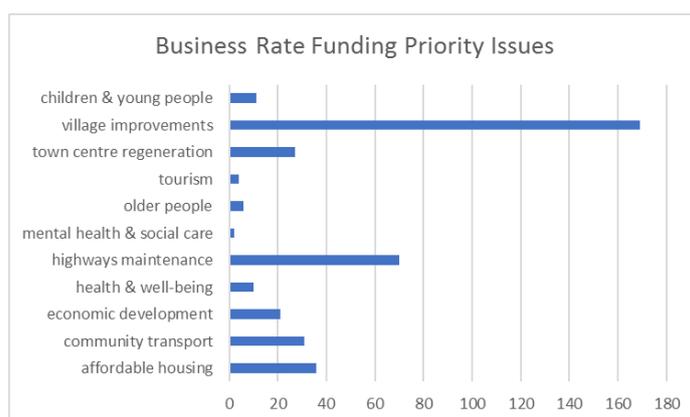
23% of local councils have no assets; 32% of local councils have assets which generate a regular income.

Sources of Funding

The research identified that local councils, over the past 5 years, had access to a wide range of sources of funding. 58% of local councils had applied for and received a lottery type grant, 44% had received a grant from a principal authority and 23% had accessed transparency funding through NALC. Whilst 37% had received S106 funding, only 7% had received new homes bonus and 13% community infrastructure levy.

Business Rates

81% of local councils said there would be a direct impact if 5% of business rates was retained locally and that this could support a range of priorities:



40% of local councils said they would directly benefit from mandatory rate relief on public facilities such as toilets, community centres and cemeteries. 32% would reduce the precept as a result and 44% would be more confident in taking on devolved services.

Research Outputs

Local councils stated that three changes would make the most difference in building capacity and capabilities at a local level. These were stronger measures for a share of funding from principal councils, not extending the referenda principle to local councils and greater joint working between the tiers of government, both central and local.

Following submission of the academic research paper in September 2017, a detailed practitioner report for stakeholders and professionals is being prepared and will be available in early 2018.

Andrew Tubb

andrew@cirencester.gov.uk

October 2017