

A GUIDANCE NOTE AND CHECKLIST FOR NEWLY ESTABLISHED LOCAL (PARISH AND TOWN) COUNCILS

Introduction

This short guidance note has been developed to support newly established local town and parish councils in their first few years of operation. It identifies some key messages and lists useful actions which local councils can take to ensure an effective set up phase. It is designed to serve as a checklist, prompt ideas and signpost to other resources. It is not intended to be prescriptive and should always be adapted to local circumstances.

This guidance accompanies case studies which draw out the experiences and good practice from eight recently established local parish and town councils around the country.

The prime audience is intended to be local councils which are about to be created or which have recently been created. It should also be of interest to County Associations of Local Councils (CALCs) and principal local authorities where local councils are being created. The guidance does not cover petitions and governance reviews which happen prior to the setting up of a local council. NALC's publication '*Power to the People*' provides comprehensive advice on that process. It can be found at <http://tinyurl.com/32utm7>

Learning points

The research underpinning this guidance has identified some significant differences in the experiences of new local parish and town councils.

There are contrasts between larger and smaller local councils. The larger ones are likely to have more staffing issues, be responsible for more services and assets, and are subject to more complex accounting and audit arrangements. There are also some differences between local councils in urban and rural settings. This can be in terms of the sense of community and the things which are local priorities.

There is also a contrast between new councils created in previously unparished areas

and those which have been created by dividing existing parishes. A key difference here is the formal role of the principal local authority, which is required to take on certain duties in a previously parished area, so that it functions in the period after the re-organisation order and before the first new council elections. Local councils which have come about as part of a wider process of local government re-organisation in the area (i.e. alongside the creation of a unitary principal local authority) also have their own experiences.

Nevertheless, while the balance of issues may vary, the list of what needs to be done during the set up period remains basically the same for all new local parish and town councils. This research has identified a number of factors which contribute significantly to the successful establishment of a local council, namely:

Good relations with the principal local authority: this is crucial to so many aspects of the set up process, including agreeing initial budgets and precepts, asset/staff transfers, communicating with residents and policy work. Where there have been political tensions between the principal local authority and the new local council (both pre- and post-creation) there has been an impact on administrative progress.

Early and successful recruitment of a parish or town clerk: a number of new local councils reported that recruiting a clerk earlier would have assisted the set up phase. They would have made faster progress and administrative or financial requirements would have been met sooner. Councillors have said that this role was often underestimated in the early days of their council's life. A successful recruitment process is also important. Set up arrangements have been delayed by a failure to attract a good candidate or a quick turnover of clerks. Recruitment practice varies, but has included using the expertise of CALCs, employing recruitment consultants and benchmarking similar roles and salaries. Often the clerk appointment is made by the new Councillors, with some external guidance.

Importance of formal and informal learning networks: two patterns have emerged. First, the value of CALCs and the Society of Local Council Clerks (SLCC) for smaller new local councils has been demonstrated. CALCs and the SLCC have provided support and technical advice on a range of issues, from clerk recruitment, to securing grants from the principal local authority, to undertaking certain set up tasks. Second, informal networks with other clerks have proved to be very useful in sharing experience and advice. Two of the largest local councils, Salisbury and Shrewsbury, felt that their joint learning was important because of their unusual size and scale of operation.

Raising the profile and communications: following creation, most of the local councils examined found that they had to pay close attention to communicating with their residents. In new unitary governance areas, this was partly fuelled by the much wider re-organisation and the changing responsibilities at all government levels. But

even the smaller councils have had to deal with confusion among residents about their role. This challenge has largely been met positively through things such as branding, newsletters, websites and using the local media.

Clarity of role and intention of the new council: having just been created gives a local council one key advantage – it should be clear what local needs have justified or brought about its existence. Many of the new local councils examined have built on this by surveying their residents early on to clarify local priorities and/or by developing local plans to explain the issues they will initially focus upon.

Prioritising and getting the basics in place: establishing a new local council as a fully operational body is no small task, so it is unsurprising that some note the importance of prioritising and focusing initially on the things that must be in place to operate as an effective council, in terms of governance and administrative arrangements. This does not mean overlooking things like service delivery or local projects, but sufficient space must be created early on to complete the set up phase.

Checklist

This section covers a number of key areas that new local parish and town councils need to address in their set up phase. Local circumstances will determine the degree to which each of these stages applies to each new council. Nevertheless, it is likely that all will be relevant at some stage. The checklist is organised in a loose chronological order, though inevitably some elements will overlap.

1. Planning the development work

Plans to support the administrative, financial, governance, staffing, logistical and policy requirements of a new local council should start as soon as the re-organisation order confirming its creation is made.

Specific considerations include:

- **Establishing the role of the principal local authority:** their specific responsibilities will vary depending upon the circumstances of the new council. For instance, whether the new council is being created in a parished or unparished area. It will be important to clarify these duties early in the process.
- **Interim leadership:** before elections are held it will be important to ensure a degree of leadership to oversee necessary early tasks. Interim arrangements may involve the principal local authority, relevant councillors from a local council which is being split up or a residents group if it petitioned for the new council.
- **Using the expertise of the county association or local SLCC:** support available may include liaison between local groups who campaigned for the council and the principal local authority, as well as planning for the set up and brokering a development grant from the principal local authority. Informal networks will also be useful.

2. Vesting and asset transfer

Vesting is essentially the legal transfer of assets (land, buildings, vehicles, etc) to the new local council from another body (whether a principal local authority or another local council). The vesting document is where these transfers and powers are captured.

Specific considerations include:

- **Agreeing what and how assets will transfer:** clarity is needed about the buildings, land, monuments, vehicles, etc that will transfer; and about the terms of the transfer. This could include restrictions (covenants) and it is a chance to negotiate about these, e.g. access to land, resale terms.
- **Ensuring the vesting document is comprehensive:** in particular, that it details all transferring physical and people assets and clearly identifies the responsibilities of the new council with respect to them. This will avoid confusion further down the line. This may be a major task for a new larger local council.

3. Budget setting

This part of the establishment process will agree the budget for the Council's first year of operation.

There are a number of inter-dependent factors to take into account, including:

- **Establishing the scope of services and projects to be managed locally:** estimating the cost of running these should include overheads. Clarity is needed about where the funding will come from. In addition to the principal local authority, other local councils may be involved in discussions if the new council is being created from an existing one. Service delivery discussions go hand-in-hand with discussions about asset and staff transfers.
- **Setting the precept:** agreeing the right additional tax level to be levied on local households can be a contentious aspect of new council set-up. The principal local authority is ultimately responsible for setting the first year precept, though advice can also be sought from the CALC.
- **Income generation:** some services and assets can generate an income, such as allotments, pay car parks, letting out community centres, street markets, etc. This needs to be factored into the overall budget calculation.
- **Administration costs for the local council:** these must be allowed for and could include things like the clerk's salary, councillor expenses, telecoms/IT and other office costs.
- **Reserves:** it is good practice to plan for some budget reserve at year end for reasonable unforeseen costs (e.g. by-elections) and future one-off costs (e.g. maintenance of assets). Some justification for them should be made.

4. Staff transfers and employment

This is often a significant area of consideration for a newly set up local council.

Specific considerations involve:

- **Agreeing staffing levels:** posts may be filled by people transferring from an existing local council or principal local authority, if an existing job is essentially moving into the new local council, in which case TUPE arrangements probably apply and will determine terms and conditions of employment.
- **Open market recruitment:** otherwise, local councils will need to plan for successful recruitment through the local or wider jobs markets.
- **Adhering to employment law:** this is an increasingly complex area. Advice is available from NALC in the *Being a good employer: a guide for parish and town councillors* publication.
http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx
- **Hosting volunteers:** local councils should consider whether there are suitable roles for volunteers and ensure management arrangements for them.
- **Management and training:** this covers identifying and meeting the training needs of employees and volunteers, as well as developing training policies. See also the linked guidance above.

5. Elections

A new local council does not become fully constituted until the first elections have been held.

Specific considerations:

- **Responsibility:** the principal local authority is statutorily responsible for organising the election. Guidance is available on the roles of parish and town councillors at <http://www.nalc.gov.uk/Toolkits/Democracy/Elections.aspx>
- **Timing:** the date of the election will be set out in the re-organisation order and it can be either before the vesting date or after. If after, it will be important to establish interim governance arrangements with the principal local authority.
- **Costs:** it should be remembered that the principal local authority has the right to re-charge the costs of running an election to the local council (or a share of the costs if held at the same time as other elections). It may be possible to negotiate a reduction or even the waiving of these costs.

6. Recruiting a clerk

This is a fundamental step in ensuring the effective set up and management of the council. Research shows that the earlier this task is completed the better.

Specific considerations:

- **Successful recruitment:** often it depends on offering a sufficiently attractive package, including the right salary level and a clearly defined job description/person specification. Realistic consideration should be given to the scale of the job and whether it is part or full time.
- **Induction and training:** good practice and guidance is available from the CALCs,

7. Council meetings and operation

There are a range of important early tasks required to ensure effective support for council meetings, good governance and decision making structures.

Specific considerations include:

- **Defining the councillor roles and responsibilities:** a useful resource is the Good Councillor's Guide <http://www.slcc.co.uk/content/the-good-councillor-s-guide/44/>
- **Establishing a Code of Conduct for members:** this sets out the rules governing the behaviour of members. More information can be found at: <http://www.standardsforengland.gov.uk>
- **Setting up standing orders** which describe the rules for the operation of the Council, including how often it will meet and how the public can be involved.
- **Creating a register of members' interests**, to avoid conflict of interest (perceived or otherwise).
- **Overseeing the election of a chair and a deputy** at the first Council meeting.
- **The formation of any sub committees** to manage business such as finance, communications, planning, etc.

8. Office and administration

A new council will face various practical, administrative and logistical issues in its early phase.

Specific issues include:

- **Accommodation:** finding suitable office space for the council and venues for council meetings or other events.
- **Telecoms:** installing telephone and IT hardware, software and networks.
- **Insurance:** required insurance could include buildings and contents, public liability and employer's liability.
- **Health and safety:** for employees, members and the public who have access to council offices and services. Undertaking risk assessments and putting in place appropriate policies will be important.
- **Contingency planning and business continuity:** it is good practice to identify the main risks to the Council's operation and to plan for operation if they were to come about. This could include severe weather, building damage, IT failure and the departure of the clerk.

9. Finance and audit

An important and potentially complex aspect of new local council set up.

Financial compliance and audit requirements will need wide ranging actions:

- Setting up a **bank account(s)** for the council.

- Establishing a **payroll** for employees and an **expenses system** for members.
- HMRC guidance in VAT notice 749 Local Authorities and similar bodies paragraph 3.2 notes that if you regularly make taxable supplies (including zero-rated supplies) in the UK in the course or furtherance of business then you must register for VAT, whatever the value of your supplies.
- **Financial delegations** for councillors and the clerk (and possibly other staff).
- **Audit arrangements:** there are both internal and external auditing requirements. An independent internal auditor must be appointed to undertake checks on financial and management systems at the end of the first financial year. An external audit return must then be made to the Audit Commission, signed off by an auditor they appoint. (Note that these arrangements may soon change.) Councils with budgets above and below £1 million per year are subject

Full guidance on the governance and accountability requirements of local councils is available at:

http://www.nalc.gov.uk/Latest_News/Governance_and_Accountability_2010.aspx

10. Communications

Raising the profile of new local councils with a range of partners will be a crucial.

Aspects to consider are:

- **Communicating with residents:** important both in raising the profile of the new council and in avoiding confusion with the principal local authority. Tools include website development, circulating newsletters, features in local papers and corporate branding, plus face-to-face contact and being present at local events.
- **Communicating with neighbouring local (parish and town) councils:** this can be to discuss common concerns, to learn from each others' experiences and to consider joint services or working arrangements.
- **Communicating with principal local authorities and other tiers of local government:** through formal neighbourhood and area committees and other decision making and spending fora. This can help to develop the new council's policy and strategic role. It can also help develop a mutual understanding of roles and responsibilities.

Going forward

Local parish and town councils typically find that the set up phase lasts two years or more. Once they begin to emerge from this intense period, many are keen to turn their attention to future ambitions.

These might include:

- Developing strategies and plans that provide a structure and milestones for longer term council objectives;
- Becoming members of the CALC, NALC and Society of Local Council Clerks (if

- they have not already done so);
- Applying for Quality Parish Status, to instill good working practices and develop the role of the council in the community;
 - Adopting community led planning to engage with local residents and find out about their priorities for the area, leading to a Parish or Town Action Plan;
 - Increasing the range of service or assets where the local council and its community take on responsibility for management or delivery.

Evidence shows that a well supported and carefully managed set up phase provides a sound platform for new local parish and town councils to fulfil their longer term aspirations for the local community.

This document was written for the National Association of Local Councils (NALC) and the Commission for Rural Communities (CRC) by Brian Wilson Associates, with David Atkinson Consulting and Ellie Stoneley.

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