



Inquiry into the Role, Governance and Accountability of the Community and Town Council Sector

Cabinet Secretary for Housing
and Local Government's written
evidence.

15/11/2024

I welcome the opportunity to provide evidence in support of the Committee's inquiry into the *Role, Governance and Accountability of the Community and Town Council Sector*.

As Cabinet Secretary for Housing and Local Government, the findings of this inquiry are of huge interest to me, and I look forward to having the opportunity to discuss this topic further with the Committee during my attendance on Thursday 5 December.

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1. The role and value of community and town councils in Wales

The community and town council sector

The Welsh Government has commissioned previous reviews to suggest ways in which community and town councils might achieve their potential.

In 2003, Welsh Government commissioned Aberystwyth University, to conduct research into the role, functions and future potential of community councils in Wales. This report recommended enhancing the capacity of community councils through better training, clearer roles, and increased powers to deliver services locally.

The Aberystwyth report has since informed various policy developments, including the Local Government (Wales) Measure 2011, which aimed to strengthen the role and capabilities of community councils. This was followed by a further study in 2014 to update these findings.

In 2017, an Independent Review Panel was commissioned to again explore the potential role of community councils. It made several recommendations for consideration and action not just for the Welsh Government, but for multiple sectors. Many of the Welsh Government's actions have been resolved e.g. we have provided a general power of competence for eligible community councils, a review of boundaries is underway, and we have placed a duty on councils to publish annual reports.

However, some of the main issues still outstanding include:

- Whether there is benefit in defining the services which would be delivered by community and town councils;
- Whether councillors should be able to sit on both community and county councils, that is 'dual-hatted councillors';
- Whether councillors should only be able to be co-opted for a maximum of one term;
- Whether all clerks should be required to be qualified; and
- Whether Ministers should have proportionate intervention powers.

Officials have explored these with partners and not reached a consensus on the way forward. For instance, any limitations on councillors being dual-hatted or co-option limits raises concern over limiting the pool of available councillors. Requiring clerks to be qualified would appear desirable, but met with resistance over how many clerks would be able or willing to carry out the qualification, at a time where clerk recruitment is sometimes difficult. Therefore, the Welsh Government has prioritised those actions which help make the sector more robust and improves its reputation, with a view to returning to these recommendations at a later point.

In April 2023, a Ministerial Democratic Health Task and Finish Group was established to consider ways of improving awareness and engagement between communities and the community councils, and increasing the number and diversity, of candidates standing for election. Their report was published on 13 November 2024. I will be considering the options provided in their report carefully in the coming months, alongside the outcome

of this Senedd inquiry and the forthcoming report from Audit Wales on financial governance in the sector.

2. Whether the sector is fit for purpose in an evolving local government landscape

Given the huge diversity of the sector, and that it does not deliver statutory services, it is difficult to comment on an overall fitness for purpose.

However, the Democratic Health Task and Finish Group has taken a closer look at factors which affect the extent to which communities are aware of - and work with - their town or community council.

The group was commissioned following the local government elections in 2022 where only 22% of the 7,883 seats were contested. 62% of seats were uncontested - meaning that no election was held - and 16% of seats were initially unfilled. They found that a majority of members of the public were unaware of their council or conflated those councils with the principal council.

They found that:

- Democratic health is poor.
- Governance is not sufficiently robust for organisations raising taxes and spending public money. The sector raises over £50 million in precept, but the evidence of its impact and value for money is not clear. Overall, around 50% of councils received qualified audit opinions in 2022-23. The sector holds a similar amount, i.e. over £50 million, in reserves.
- Purpose is unclear and inconsistent. There is no clear vision or strategy for what the sector is for, and how it inter-relates with other partners such as principal councils or the third sector.
- The sector does not enjoy a healthy relationship with its communities and partners. Most members of the public do not know what community councils do, or who their councillors are.
- The group struggled to get a response from the public, third sector organisations, principal councils and community councils themselves, on these issues and stated the apathy is, a concerning finding in itself.
- Generally, integration or working with partners is poor, including between councils. Instances of working with other councils or the significant volume of community volunteers are rare. Opportunities are missed to harness the energy, skills, and resources of the people who care about their communities and want to make a difference.

The group has provided two sets of options for addressing their findings. To summarise, these are to:

- Invest significantly in raising the profile and updating the culture of the current community council structure; and
- Invest in reviewing whether the model of community governance should be updated to enable it to be more representative and engaging.

The extent to which community and town councils are meeting their statutory duties could also be seen as a measure of their fitness for purpose. The Local Government and Elections Act (Wales) 2021 placed duties on community and town councils to improve engagement and participation with their communities.

As part of a recent internal exercise to test the extent to which these duties have been met, my officials reviewed a sample of just over 500 community council websites. They found that 30% had published an annual report for 2022-23 and 33% had published a training plan.

The evidence in respect of the democratic health of the sector and meeting of statutory duties suggests further efforts are needed to increase community councils' capacity and capability to deliver.

3. Governance and scrutiny arrangements

Each community and town council is an autonomous, body corporate, independently accountable to its electorate. As such, Welsh Government has no accountability relationship with any town or community council.

As such, councils are subject to audit as a tax raising local authority. The process for providing assurance to electors that their taxes have been appropriately raised, spent and accounted for rests with the Auditor General for Wales.

As noted previously, community councils are required to prepare and publish training plans to identify the training necessary for clerks and councillors to discharge their duties. The Welsh Government has invested in several ways to support and incentivise councils to take up the necessary training.

We have provided, through One Voice Wales, training bursaries for councillors, with a focus on financial management and governance. In 2023-24, £56,000 was earmarked specifically for financial management and governance, and code of conduct training. The Welsh Government offer and claimed amounts are in *Table 1*:

Table 1 – Welsh Government training bursaries for councillors

	2019-20	2020-21	2021-22	2022-23	2023-24
Cllr bursary (grant offer) (£)	4,000	72,500	52,400	62,000	62,000
Cllr bursary (claimed) (£)	590	24,447	15,520	33,543	25,392

We have also provided, through the Society for Local Council Clerks (SLCC) for clerk training bursaries, primarily focused on full bursaries for the Certificate in Local Council Administration (CiLCA). CiLCA is one of the recognised clerk qualifications necessary for a community council to be able to declare itself eligible to exercise the general power of competence. The usage of those funds is shown in *Table 2*:

Table 2 – Welsh Government training bursaries for clerks

	2019-20	2020-21	2021-22	2022-23	2023-24
CiLCA bursary (grant offer) (£)	20,000	57,900	71,500	72,000	72,000
CiLCA bursary (claimed)	7,332	19,998	38,408	25,440	13,338

In terms of encouraging and facilitating diversity, Welsh Government have worked with the sector to encourage a pipeline of new councillors.

Some of the actions include:

- We worked with One Voice Wales to develop promotional videos setting out how councillors can make a difference;
- Introduced the Elections and Elected Bodies (Wales) Act 2024, which requires Welsh Ministers to have in place a fund to support disabled candidates standing for elected office, placing the fund on a legislative footing; and
- We have legislated to make it easier for community councillors to attend meetings remotely.

Intervention

Community councils are accountable to their communities.

Audit Wales have a role in assessing confidence in financial management and governance in community councils. The Public Services Ombudsman has a role in responding to complaints regarding poor conduct and maladministration.

Community councils do not deliver statutory services. Therefore, there are no consistent indicators for successful performance or performance failures. It follows that there is no process for determining if, or when, intervention would be appropriate, or what a successful intervention might look like. Moreover, as there are 732 councils, this could result in a resource implication for the Welsh Government and its partners in respect of monitoring and supporting any intervention process.

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4. Scope of digital and new technology to improve decision-making, service provision and participation in local democratic processes

The Democracy and Boundary Commission Cymru etc Act 2013 requires community councils to publish certain documents online i.e.:

- Council contact information;
- Information about each council member;
- Meeting minutes and documents; and
- Register of Members' Interest:

Further duties were introduced in the Local Government and Elections Act (Wales) 2021 Act to help increase the openness and transparency of councils' work with and for their communities. Community councils are required to make arrangements for meetings which allow people to be able to take part from multiple locations. The requirement is for individuals to hear and be heard.

In 2022, the Welsh Government commissioned the Chief Digital Officer for Local Government to prepare a digital discovery project to review the digital readiness of community and town councils. The report was published in March 2023, and reported there was significant variation across the sector and action was needed to enable community councils to work confidently through digital means.

The then-Minister for Finance and Local Government established a Digital Health Working Group including officers from One Voice Wales, WLGA, SLCC and the Welsh Government, to create a sector-led action plan to take the recommendations forward. We have provided One Voice Wales with grants up to £300,000 across the last 2 financial years, to support the action plan's implementation.

5. Whether new powers and responsibilities for this tier of government are utilised to support communities

I have already reflected on the success of introducing powers in respect of publishing training plans and annual reports. I have also reflected on the position of the sector to meet duties in respect of enabling multi-location meetings.

In respect of the introduction of the general power of competence for eligible community councils, the Local Government and Elections (Wales) Act 2021 sets out the conditions which community councils must meet to become an 'eligible community council' with access to the GPoC. Only councils which meet the eligibility conditions can use this general power. The criteria are:

- i. At least two-thirds of the total number of members of the council have been declared to be elected (including unopposed), whether at an ordinary election or at a by-election;
- ii. The clerk to the council holds such named qualification or certification as may be specified by the Welsh Ministers by regulations; and
- iii. The two most recent Auditor General for Wales (AGW) opinions on the council's accounts are unqualified. The most recent must have been received in the previous 12 months.

From internal enquiries, officials are aware of community councils which have declared themselves eligible, but not yet aware of any work carried out using this power. We have not had feedback from the sector, e.g. through One Voice Wales, on use of the power or barriers to using the power.

6. Closing

I look forward to hearing the views of the Committee to complement the work of the Democratic Health Task and Finish Group and Audit Wales.

These reports will provide important evidence to underpin the Welsh Government's next phase of community governance policy development.