

JG/130514/Transparency Code Response

PR05-14

Department for Communities and Local Government
Via email

Dear Sir/Madam,

CONSULTATION ON THE DRAFT TRANSPARENCY CODE FOR PARISH AND TOWN COUNCILS WITH A TURNOVER NOT EXCEEDING £25,000

I am writing in response to your consultation on the draft transparency code for parish and town councils with a turnover not exceeding £25,000.

The National Association of Local Councils (NALC) is the nationally recognised membership and support organisation representing the interests of around 9,000 parish and town councils and many parish meetings in England.

While overall we agree with the proposals outlined in the draft code, we are concerned about the additional reporting burden and estimate it would take a clerk to a very small parish council significant time (relative to the number of hours they work, which could be as little as 4 hours per week) to collate and publish the extra information. This problem could be addressed by providing councils with a template and training on the new electronic requirements.

This response includes a number of examples from responses we have received from our member councils, as we have sought views and comments from within our membership and network of county associations.

Summary

We are broadly supportive of the measures set out in the draft code and our main recommendations on the proposals are set out below:

- the threshold marker should be annual precept rather than turnover, in order to provide greater stability over time for councils;
- parish meetings should be exempt;
- the reporting threshold be set at items over £100;
- if electronic publication is required, training and resources be provided – funded by the Government – with particular emphasis on the needs of very small councils;
- the code should not be introduced immediately and councils should be given time – around two years – to prepare for the new audit arrangements.

About the National Association

The National Association of Local Councils (NALC) is the nationally recognised membership and support organisation representing the interests of around 9,000 parish councils and many parish meetings in England. Our councils serve over 15 million people in places ranging from small rural communities to large towns and small cities.

NALC provides support and advice directly to our member councils through a network of county associations. Working with and for our member councils, we are actively involved in working with, and influencing, Government and other bodies at a national level to advance and protect the interests of local councils and the communities they serve.

About our local councils

The parish councils and parish meetings we support and represent serve electorates ranging from small rural communities to major cities, and raise a precept from the local community. Together, they can be identified as among the nation's most influential grouping of grassroots opinion-formers. Over 15 million people live in communities served by our parish councils, around 35% of the population, whilst over 200 new local councils have been created in the last 10 years.

Parish councils and parish meetings work towards improving community well-being and providing better services at a local level. Their work falls into three main categories:

- representing the local community;
- delivering services to meet local needs; and
- striving to improve quality of life in the community.

Through a range of powers, parish councils provide and maintain a variety of important and visible local services including allotments, bridleways, burial grounds, bus shelters, car parks, commons, community transport schemes, crime reduction measures, footpaths, leisure facilities, local youth projects, open spaces, public lavatories, planning, street cleaning, street lighting, tourism activities, traffic calming measures, village greens and litter bins.

Consultation response questions

1. The government proposes that the Code will be mandatory for councils with an annual turnover not exceeding £25,000. Do you agree?

We agree with this threshold, however we are concerned if councils exceed the amount in annual turnover under unusual circumstances (undertaking a one-off project for example) this would mean they would be subject to completely different audit arrangements.

Carlton Parish Council suggested it should be possible for councils in this audit category (i.e. with a turnover of less than £25,000) to opt for external audit, to ensure they did not have changing arrangements from one year to the next.

Mr David Langmead, a clerk to a number of small parish councils in North East Nottinghamshire, suggested using the annual precept to outline the threshold would provide a more stable point of reference and a similar point was made by the Yorkshire Association of Local Councils.

The National Association supports this suggestion as a way of ensuring more procedural consistency for councils and encourages the Government to alter the draft code accordingly.

2. Should parish meetings be exempt?

Yes, parish meetings should be exempt from the transparency code.

3. Should there be a threshold above which individual items of expenditure must be published? If so, what should this threshold be?

Yes, there should be a threshold. The threshold should be over £100 and we suggest Government should provide guidance on the level of detail required on each item.

4. What exemptions if any would need to be made to information published to explain negative responses to the internal control?

Sensitive details which could prejudice a case (such as fraud) should be exempt, although this should be conditional on the full information being published as soon as possible.

5. The government proposes to require electronic publication. Do you agree?

Yes as the proposed code would be less onerous than the current audit arrangements and we support the electronic reporting requirement. However it is important for Government to recognise that for very small councils the burden on their clerk would be significant. This is addressed in more detail below:

Supporting the proposal, Welbourn parish council in Lincolnshire noted:

“There is little extra cost involved in the proposed process since the cost of extra paper consumed is unlikely to exceed the cost of postage of the audit documents and the excessive, expensive external auditors' fees will disappear.”

Similarly, Melchbourne and Yelden parish council stated:

“For our council this would not take up any additional time as all information required for audit is already produced electronically. Putting this online would be a quick, simple process. There would be a cost saving as the external audit fees would no longer be payable.”

However, some councils have told us publishing expenditure online annually would be an additional, and time consuming, burden. This was particularly the case for very small parish councils who often reported they did not have a website and were wary of the cost and time of setting one up. The Yorkshire Local Councils Association explained:

“Member councils felt that this should be an aspirational requirement but not a mandatory one. There was some strong feeling against this proposal. Putting information into a specific format to publish it electronically would involve additional work for parish councils, especially as some parish councils do not have websites, some do not even use computers.

A member council which does not have a website currently has estimated that the cost of setting up and maintaining a website would not be an insignificant proportion of budgeted expenditure at around 12%.”

Similarly, Bighton Parish Council noted:

“For active, but small, parish councils, this Code appears to suggest a sensible range of documents to be published; basically the Annual Return plus a little extra paperwork. However, for tiny parish councils this might be time-consuming as some have unpaid parish clerks and many will not have their own websites. The success of this code would depend on the help from local authorities in assisting with the publication of the documents.”

A number of our councils have suggested that if the local authority were to host a website for the parish council electronic reporting would be considerably easier. The Oxfordshire Association said:

“Even in 2014 there are parish councils without a website...we would suggest that electronic publication is required but with the possibility that documents could be published on the District Council website if the parish council doesn't have a website of its own.”

The Chairman of Mattersey Parish Council in Nottinghamshire and a member of NALC's Smaller Councils Committee suggested the development of a template for uploading files to a council's website:

“[T]here needs to be a funded programme to help smaller councils establish websites and for NALC to help develop a template for uploading the data to the council's website. Because most sub £25k Councils have fairly straightforward accounting arrangements, a simple accounting package could be developed with links directly for publishing on the website.”

In order to help support the successful delivery of this policy objective and help councils meet their obligations under the code we request Government invest in training and resources, working with NALC and through the National Training Strategy, to address the particular needs of very small councils.

6. How much additional staff time and cost will be involved for authorities in publishing the required data on line?

The case for electronic reporting and the associated time and cost is of significant concern to our very small councils as this would be an onerous burden for their clerks.

For those councils with a clerk already updating their council website and generally working electronically, the additional time and cost would be minimal. Fulbrook parish council in Oxfordshire supported the idea:

“The paperwork required appears to be exactly the same as currently has to be sent to the External Auditor. Our parish council already has a website set up and we are already publishing, as a matter of course, most of the information which will have to be published under this new scheme. Additional staff costs and other extra costs would appear to be minimal. It would also save the Council the costs of the External Audit.”

When asked to be specific, our councils have estimated it would take the clerk between 4-6 additional hours per week to meet the transparency code objectives.

However, in very small councils this raised the issue of clerks who work less than 4 hours per week in total for their councils. Helen Pitman, clerk to 5 parish councils in Lincolnshire raised this issue and also questioned the intended benefit of the arrangement:

“I am paid to work on average for these small councils no more than 2 hours a week but in actuality work more than that. The present external audit arrangements obviously add to the workload but ensure there is another check on parish council's finances. All my council's employ a qualified, ex-local authority accountant to undertake internal audits but I know many use the services of a well-meaning parishioner who has no experience at all of the guidelines/financial accountability of parish councils.

“If the present external audit system is done away with, I fear this may well lead to even less transparency. Throughout my twelve years working for twelve councils of varying size, I have not once been asked to supply financial information to a parishioner. I don't believe this proposed new arrangement will change that. The amount of extra time and effort a clerk will have to put in to jump through the proposed new hoops, will in no way be rewarded by greater transparency.”

Ibberton Parish Council in Dorset explained that the time costs associated with setting up and maintaining a website would have a significant impact on their tiny parish council:

“For us there would be the potential costs of having to set up and maintain our own website. Training would be involved as we have no-one with the necessary skill set to do at present... If there were any substantive costs associated with complying with this transparency code the Council would have to seriously look at its future and consider switching to Parish Meeting status meaning less representation/influence, less accountability and less local democracy... If the current transparency code proposals are implemented and in order to comply with them we had to double our precept from £500, to £1000 (web site fees, salaries etc) [we may have to] hold a local referendum to gain approval for such a significant increase. To put that in perspective, although the precept would rise by 100%, the Band D Council tax figures would see an annual rise from roughly £9 per household to £18.”

It is important the Government is aware of and alert to the specific concerns and challenges for the very small councils within our sector. However, we are supportive of the principle of transparency and electronic access. We strongly recommend that in areas where the parish council does not have its own website, the local authority be required to host a page for the purpose of financial reporting.

As already highlighted, training and support, along with appropriate resources for clerks who are unfamiliar with websites and electronic working, should be provided to ensure compliance with the code and deliver its policy objectives. We request Government invest in training and resources, working with NALC and through the National Training Strategy, to address the particular needs of very small councils.

We are also strongly of the view that to support the successful delivery of the Government's policy objectives, the new transparency code should not be introduced immediately and councils should be given time – around two years – to prepare for the new audit and arrangements.

I hope that the Department finds this submission helpful. Should you require any further information on this matter then please do not hesitate to contact me on 020 7290 0317 or via email at justin.griggs@nalc.gov.uk.

Yours sincerely,

JUSTIN GRIGGS
HEAD OF POLICY AND DEVELOPMENT