

12 JANUARY 2024

## **PR1-24 | PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024 TO 2025**

### **Introduction**

We are writing in response to the government's consultation on the Provisional Local Government Finance Settlement 2024 to 2025.

The National Association of Local Councils (NALC) is the national membership body that works with the 43 county associations of local councils to represent and support England's 10,000 local (parish and town) councils.

Local councils and their 100,000 councillors are the first tier of local government, closest to the people, and play an essential part in delivering hyper local services, building strong communities, and strengthening social fabric.

Local councils cover more than 90% of the geography of England and over a third of the population and invest over £3 billion per year to improve and strengthen communities.

### **Summary**

NALC welcomes the government's decision to recommend a continuation of the deferral of setting referendum principles for local councils for the 2024-25 financial year.

However, it remains our firm view that councils at all levels should be able to set council tax or precept levels without the continuing threat of intervention by the government. The proposal to not set referendum principles on excessive council tax increases for the 2024-25 financial year shows that the government has again listened to NALC's call for local councils to be able to increase their small share of council tax without holding a referendum.

This is in the context of around 2% of the overall amount of England's council tax being accounted for by the precepts of local councils, recognising that the precept is the main and often only source of dedicated income for local councils. This is more especially the case as, unlike principal councils, local councils do not receive revenue support grant or a share of business rates. Indeed, due to the financial challenges principal councils have been facing for over a decade, local councils have been stepping up to take on more services from them.

While the government says the settlement makes available over £64 billion for local authorities in England, an increase of almost £4 billion or 6.5% in cash terms in Core Spending Power on 2023-24, a [statement by our colleagues at the Local Government Association](#) warns it is not enough to meet severe cost and demand pressures and their councils face a funding gap of £4 billion over the next two years.

This is of significant concern to us as this could lead to further pressure being placed on local council budgets because of them taking on more services from principal councils.

Also, in general, local councils do not have access to central government funding – across a range of public policy programmes – which disadvantages residents in local council areas and is an issue NALC has consistently raised with government.

We continue to believe that local councils should be able to apply for central government funding schemes on the same basis as principal authorities. The government has stated before that they could not fund local councils directly as they had no powers to do so. The government should therefore address this by amending Section 33 of the Local Government Act 2003 to provide ministers of the crown with the power to grant fund local councils.

We have, however, strongly welcomed the extension of the Community Ownership Fund to allow applications from local councils. Through our support to the fund NALC is promoting this important funding opportunity to local councils to enable them to continue to play their part in protecting, preserving, and enhancing a wide range of local assets.

Despite ever increasing cost pressures on their budgets, local councils have taken all available steps in recent years to demonstrate financial prudence when setting their precept for the forthcoming financial year. This has demonstrated restraint by local councils, and we continue to strongly urge the government to provide a multi-year exemption from referendum principles on excessive council tax increases to create more medium-term financial certainty in the sector.

NALC would welcome the government building local government capacity and capability through ongoing sector support and funding a programme of improvement covering a range of priorities which is reviewed periodically. This is because since the National Improvement Strategy for Town and Parish Councils was published in 2016, there has been no direct investment from the government to support the delivery of its vision and initiatives. Continued underinvestment by the government leads to constraints in increasing the sector's efficiency and performance which only the government has the policy and financial means to help with.

One further area of significant concern which is impacting on the effectiveness of some local councils and leading to additional financial pressures, is poor behaviour and conduct.

Most local councils are well run, with clerks and council staff working as a team with councillors to deliver their ambitions for the community. And the vast majority of England's 100,000 parish and town councillors maintain high standards of conduct and abide by the Nolan Principles of Public Life through their council's Code of Conduct.

But all too often the negative impact of poor and disruptive behaviour – by councillors, clerks, and residents – can overshadow those whose tireless efforts play such a vital role in our civic life and local communities.

Local Government Association (LGA) research on the intimidation of councillors showed 88% of parish and town councillors report having suffered abuse, intimidation or both. This is higher than for principal authority councillors which is 81%, an increase of 8% per cent higher than the previous year.

A significant minority of councillors engage in unacceptable behaviour, such as harassment and bullying including racist, sexist, and ableist abuse. Research has shown in the last four years, over half of local councils had experienced behavioural issues from councillors, such as bullying and disrespect towards other councillors or clerks. The same LGA research showed a third of councillors would not be standing for election next time.

This leads to among other things officers and councillors leaving the sector which in turn leads to additional costs, and damages trust in our most local institutions.

Such poor behaviour by councillors would be grounds for suspension or dismissal in an employment setting, which is why stronger sanctions than currently exist should be introduced for councillors. It is crucial that elected members in local government inspire confidence and have the trust of the electorate.

That is why NALC is itself seeking to address this issue head on through its Civility and Respect Project, working with its network of county associations and organisations such as the Society of Local Council Clerks (SLCC).

This vital initiative includes the development of training, guidance, model policies, intervention support and other help. The Civility and Respect Pledge has now been adopted by over 1400 councils and includes support by those councils for stronger sanctions for poor behaviour.

The project is mostly funded by NALC and SLCC and does not receive any government funding through the £18 million grant currently provided to the Local Government Association for sector support and improvement.

The Committee on Standards in Public Life's Review published a review of Local Government Ethical Standards in 2019 and made a number of recommendations to strengthen the current standards and conduct framework and the safeguards that apply to it.

The report stated that the current sanctions available to local authorities are insufficient. The current lack of robust sanctions damages public confidence in the standards system and leaves local authorities with no means of enforcing lower-level sanctions, nor of addressing serious or repeated misconduct. Local authorities should therefore be given the power to suspend councillors without allowances for up to six months.

In its response to the report, the government stated that it did not agree with the Committee's recommendation. A UK Parliament petition to legislate to enable councillors to be disqualified or suspended for poor conduct has received 11,500 signatures. Forty Members of Parliament have supported NALC's call for stronger sanctions by supporting an Early Day Motion on standards of conduct and behaviour in parish and town councils.

In short, the current sanctions available to combat poor behaviour are ineffective, which is why NALC continues to urge the government to think again about its approach to standards in public life and in local councils in particular.

Furthermore, NALC is urging all political parties, especially as the general election approaches, to commit to implementing the proposals of the Committee on Standards in Public Life including introducing sanctions for poor behaviour of councillors, and to enact those within the first year of the new government.

### **Consultation questions**

NALC's response to the main consultation question applicable to local councils in the consultation document is below:

- **Question 3: Do you agree with the proposed package of council tax referendum principles for 2024-25?**
- Yes. NALC welcomes the government's decision to recommend a continuation of the deferral of setting referendum principles for local councils for the 2024-25 financial year. However, this should be made permanent or for the introduction of a further three-year deal to exempt local councils from this annual process. This would again provide much-needed certainty and allow local councils to plan for the future and continue to support their communities.

For further information on this response contact Chris Borg, policy manager, on 07714 771049 or via email at [chris.borg@nalc.gov.uk](mailto:chris.borg@nalc.gov.uk) . © NALC 2024