



# **Role, governance and accountability of the community and town council sector**

## Response to the LGH Committee report (March 2025)

In March 2025, the Local Government and Housing Committee submitted its report on its inquiry into the role, governance and accountability of the community and town council sector. The report includes 11 recommendations and 1 conclusion. This is the Welsh Government's response to those recommendations and conclusion.

# Contents

**1. Introduction .....3**

**2. Response to the 11 recommendations .....4**

Recommendation 1 .....4

Recommendation 2 .....4

Recommendation 3 .....5

Recommendation 4 .....5

Recommendation 5 .....6

Recommendation 6 .....6

Recommendation 7 .....7

Recommendation 8 .....7

Recommendation 9 .....8

Recommendation 10 .....8

Recommendation 11 .....9

Conclusion .....9

## 1. Introduction

I thank the members of the Local Government and Housing Committee for their report on the role, governance and accountability of the community and town council sector. I have set out my response to the Report's individual recommendations below.

In addition, I will continue to reflect upon this Report, alongside my consideration of the **Democratic Health Report** into community and town councils and the recently published report on the sector's financial management and governance from Audit Wales.

## 2. Response to the 11 recommendations

### **Recommendation 1**

The Welsh Government should work with the sector and the Auditor General for Wales to co-produce a new bespoke audit system for town and community councils in Wales.

#### **Response: Accept**

Welsh Government appreciates the variance in size of councils in the sector and that a 'one size fits all' approach to auditing can be challenging for smaller councils with lower income and limited staffing to support the current audit requirements. The existing arrangements, which introduced the three-year cyclical audit, enables Audit Wales to take some account of the different size of councils in how they apply their procedures.

As community and town councils are public authorities, we would expect any revised system to provide an effective and proportionate level of transparency and accountability. We will work with Audit Wales and the sector to consider what a revised system might look like. This process will reflect on the recent Audit Wales report on the financial management and governance of community and town councils and consider what information councils would need to prepare to provide assurance to their communities of proper governance.

Depending on the proposals, the new audit system may require changes to the Public Audit (Wales) Act 2004.

**Financial Implications** - this work will be accommodated within existing resources and budgets

### **Recommendation 2**

The Welsh Government should explore the option of using statutory guidance via the Local Government and Elections (Wales) Act 2021 as a vehicle for introducing mandatory code of conduct training for town and community councillors and formally consult with the sector on the proposal.

#### **Response: Accept**

The idea of mandatory training was previously tested following the 2018 independent review. At that time, there was a considerable lack of support from the sector. There were also practical concerns about how mandatory training could be implemented and enforced.

As code of conduct issues have not improved since the 2018 Independent Review, we agree there is value in further action. The Democratic Health report also flagged sector concerns resulting from councillors choosing not to attend code of conduct training. The report has also noted that code of conduct issues are impacting on regulators of the ethical framework, with monitoring officers spending significant time in addressing issues from community councils.

We are happy to work with the sector to review statutory guidance to require community councils to give due regard to code of conduct training in developing their training plans. This review will consider how mandatory training could practicably be implemented and enforced. Welsh Government would need to be confident that mandating training would be a proportionate response in terms of benefits and any costs of enforcement.

**Financial Implications** – this work will be accommodated within existing budgets

### **Recommendation 3**

The Welsh Government should continue to offer a bursary to One Voice Wales for delivery of its code of conduct training, maintained at existing levels.

**Response: Accept**

One Voice Wales has received an un-hypothecated Improvement and Digital grant award of **£400,000** for 2025-26 to enable them to innovate and be creative around how best to maximise the award to provide increased support to the sector. The decision to determine the level of funding for the training bursary scheme – including the code of conduct – now lies with One Voice Wales.

Since 2020, the Welsh Government has provided an increased bursary to One Voice Wales for the delivery of training, with a focus on financial management and governance. Since 2023, this has included a specific focus on code of conduct training. Bursaries have regularly been under-claimed by the sector. Whilst the Welsh Government has continued to provide a generous bursary, it can only continue to do so, subject to annual budget agreement. It is, primarily, for community councils to resource their training requirements. The Welsh Government incentivise specific training through bursaries.

**Financial Implications** – this work will be accommodated within existing budgets

### **Recommendation 4**

The Welsh Government should work with relevant stakeholders to explore options to facilitate greater use of local resolutions to disputes.

**Response: Accept**

We have noted that the Democratic Health report has suggested a review of the Local Resolution protocol to identify where it is, and is not working, and to recommend practical ways to improve it. The report proposes that a review, led by the chairs of standards committees and the Standards Committees Network, working with One Voice Wales, should review how well the ethical framework and code of conduct process has been implemented. We will be responding to the Democratic Health Report in due course but am inclined to ask the chairs of standards committees to begin this piece of work shortly because of its potential to help improve the culture and reputation of the sector.

**Financial Implications** - £5,000

### **Recommendation 5**

The Welsh Government should work with local government to explore mechanisms to enable the town and community council sector to access support from local authority monitoring officers and HR services.

**Response: Accept**

We agree with the recommendation. In practice it is the responsibility of the Welsh Local Government Association (WLGA) and One Voice Wales to facilitate this through their Memorandum of Understanding. We will work with them through raising with the leader of the WLGA and One Voice Wales as strategic priorities of mutual interest and benefit.

**Financial Implications** - none for Welsh Government

### **Recommendation 6**

The Welsh Government should work with a relevant body, such as the Democracy and Boundary Commission Cymru, to undertake a review of evidence to inform sizing policies to ensure a nationally consistent approach to principal council-led community reviews.

**Response: Accept**

We have noted that the Democratic Health Report has also proposed that a review of evidence to inform sizing policies should be carried out. The aim of which is to inform a nationally consistent approach to principal council-led community reviews. The Democracy and Boundary Commission Cymru is considered to be a body that is well placed to conduct such a review.

We have asked the Commission to begin work as soon as practicably possible to aid consistency in community council sizing policies.

## Financial Implications - £20,000

### **Recommendation 7**

The Welsh Government should engage with the town and community council sector to explore greater opportunities for clustering and to encourage the sharing of good practice.

#### **Response: Accept**

We believe there are real opportunities to clustering of town and community councils which have not yet been capitalised upon. We are happy to work with the sector through One Voice Wales to explore this.

One Voice Wales has received an un-hypothecated Improvement and Digital grant award of £400,000 for 2025-26. The grant is designed to provide One Voice Wales with the flexibility to be creative and innovative in how it supports the sector, this can include the promotion of clustering and sharing of good practice.

Welsh Government provided funding to a prior pilot of joint arrangements among community and town councils between September 2017 to March 2020. Over the three years, 12 projects were supported, involving 74 councils, with the goal of fostering collaboration, improving local services, and enhancing community involvement.

There were mixed results. Small councils felt they had little to offer in clustering, and larger councils were cautious about the costs involved. There were also concerns that clustering would result in larger councils taking over smaller ones. Financial concerns were not fully alleviated by the joint delivery of services, and some communities were simply not compatible for collaboration. Follow-up work was halted because of the pandemic. Any follow-up work would need to take account of the learning from this project.

**Financial Implications** - this work will be accommodated within existing budgets

### **Recommendation 8**

The Welsh Government should support both tiers of local government to ensure a review of the model charter between principal and community councils can be undertaken.

#### **Response: Accept**

We are happy to support a sector-led approach to review the model charter between principal and community councils.

We are encouraged by the recently signed Memorandum of Understanding between the WLGA and One Voice Wales, with the purpose of increasing collaboration and partnership working. We have also noted the Chief Executive of One Voice Wales has indicated during his attendance session on 27 November, that a refresh of the charter is being developed, working with Rhondda Cynon Taf. The subsequent intention is for One Voice Wales, working with the WLGA, to cascade this work across the remaining 21 unitary authority areas.

We believe this is the right sector-led approach to refresh the charters for use across both tiers of government. We will use my bilateral meetings with One Voice Wales and with WLGA to review progress and provide support.

**Financial Implications – None**

### **Recommendation 9**

The Welsh Government should provide an update on the implementation of the digital health of community and town councils action plan published in May 2023.

**Response: Accept**

The project to support the Digital Health Action Plan implementation will shortly complete its second year of activities. One Voice Wales has received funding of up to £300,000 to support the implementation of the action plan. Drawing on their reporting of progress, we aim to publish an update on implementation and future priorities later this year.

**Financial Implications None**

### **Recommendation 10**

The Welsh Government should work with the WLGA and One Voice Wales to encourage local authorities to:

- provide IT support to town and community councils through service level agreements, and
- share facilities for use by town and community councils to hold hybrid meetings.

**Response: Accept**

We are happy to work with sector partners to encourage sharing of services across community and town councils and with principal councils.

Work is underway through the **Digital Health Action Plan** which includes actions to investigate opportunities for community councils to share IT support with



principal councils, as well as researching options for councils to work in other community buildings where appropriate infrastructure is already available. That plan placed this work lower down the priorities for years one and two but recognised the potential benefits to sharing resources and services. It is anticipated that the Memorandum of Understanding between One Voice Wales and the WLGA provides a foundation for discussing the sharing of services.

The funding provided to One Voice Wales for financial year 2025-26, will be un-hypothecated, giving One Voice Wales the freedom to determine how to maximise its use to support the sector, including digital readiness.

**Financial Implications** - this work will be accommodated within existing budgets

## **Recommendation 11**

The Welsh Government should make the necessary legislative changes so that community councils eligible to exercise the General Power of Competence are only required to affirm their eligibility once during an electoral term.

**Response: Accept in principle**

We are happy to keep this issue under review as part of the Welsh Government's rolling programme to review the impact of the Local Government and Elections (Wales) Act 2021. Any changes to legislation will not be achievable in the current Senedd term. This is because of the need to engage with, and consult, stakeholders to assess the potential impact of relaxing the requirement to reaffirm annually, prior to any decision to amend legislation in a future Senedd term.

**Financial Implications** – Can be accommodated within existing budgets

## **Conclusion**

We would like the Welsh Government to do more, in conjunction with the sector, to raise awareness of the bursary and encourage more clerks to study for it. The possibility of clerks being remunerated for the additional training time may be an option to explore.

**Response:**

Whilst the Certificate in Local Council Administration (CiLCA) is a requirement for those councils wishing to exercise the General Power of Competence, we agree that there are other training opportunities that would enable clerks to carry out their roles professionally, without the need to complete the CiLCA qualification.

For the 2025-26 bursary award to the Society for Local Council Clerks (SLCC), we are providing an un-hypothecated grant. This will enable the SLCC to promote

and provide a broader range of bursaries available to clerks to undertake a wider range of training, beyond the CiLCA qualification. This will allow clerks to select the training appropriate for their needs.

We will work with the sector, and particularly the SLCC, to also promote the benefits of CiLCA to community and town councils and share examples of councils benefiting from clerks with the qualification. We will also promote the qualification when opportunities arise for us to do so.

Clerks are employees of community and town councils and as such, the issue of clerk remuneration is a matter for the councils to determine. However, by providing increased flexibility in the grant to the SLCC, councils will also have greater flexibility in addressing their clerks training needs more effectively.

**Financial Implications** – Can be accommodated within existing budgets