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Meg Hillier MP
Chair of the Committee of Public Accounts
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From Tamara Finkelstein
Permanent Secretary

Dear Chair,

Thank you for the opportunity to give evidence to your committee on 14 January on managing flood risk. I am writing to provide further information on the points raised by James Wild MP regarding parish councils and their role in supporting flood and coastal erosion risk management locally.

The Local Government Finance Act 1992 (section 39) provides parish councils with powers to issue precepts. Precept income can be used to fund lawful expenditure, which can include flood and coastal erosion risk management activities, and there are known examples of this happening in practice. The decision as to whether to apply precept income for flood and coastal erosion risk management is a matter for individual parishes.

Additionally, the Localism Act 2011 conferred a general power of competence on many English local authorities which enables them to do anything that individuals generally may do and provides that the power may be used in innovative ways. In respect of parish councils, only those which meet conditions prescribed by the Secretary of State have the general power of competence. These conditions - which are set out in the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012 - involve the council having a suitably qualified clerk, an electoral mandate, and it having passed an appropriate resolution.

Where the General Power of Competence does not apply, parishes also have powers under section 137 of the Local Government Act 1972 to incur expenditure for certain purposes not otherwise authorised in legislation. The National Association of Local Councils have set out the latest limit for such expenditure following a notification from Government: https://www.nalc.gov.uk/news/entry/1343-nalc-notified-of-section-137-expenditure-limit-for-2020-21

In July 2020, the government published a long-term Policy Statement setting out its ambition to create a nation more resilient to future flood and coastal erosion risk. The Policy Statement outlines the government's vision to create the right conditions to encourage and incentivise a greater range of non-government investment and finance by encouraging new and innovative methods. The government has committed to consider options to expand and promote the use of local powers which local authorities can access to secure additional funding to manage flood and coastal erosion risk.

I hope that this reply is helpful.

T. M. Finkelstein

TAMARA FINKELSTEIN