

Briefing Note

Renewing the General Power of Competence

1.0 Background

1.1 Parish councils are bound to work within the law and regulations when making their decisions. This means that sometimes there are restrictions on what you can do or how you can spend your money. Despite their wide range of powers, parish councils are always at risk of being challenged, especially if they undertake an unusual activity, which is why when your Clerk gives you advice, they will usually quote the appropriate piece of legislation or regulation that applies.

1.2 In order to work around these restrictions, the government introduced a test for parish councils that would give them a wider range of powers if they met certain standards. If a parish council can demonstrate that it has reached these standards, it can use the extra powers. These powers are called the General Power of Competence.

1.3 This council adopted the GPC at its annual parish council meeting in May 2021. It is a requirement of the legislation that if the council wishes to retain its Power, it must resolve to do so every year at its annual meeting. This Briefing Note explains the background to the GPC and how it can be used.

2.0 What can the GPC be used for?

2.1 In summary, the GPC enables councils to do things:

- an individual may generally do
- anywhere in the UK or elsewhere
- for a commercial purpose or otherwise, for a charge or without a charge
- without the need to demonstrate that it will benefit the authority, its area or persons resident or present in its area (although in practice councils will want to realise such benefits).¹

2.2 Examples of the type of activities that the GPC permits:

- Running a community shop or post office
- Lend or invest money
- Establish a company or co-operative society to trade and engage in commercial activity
- Establish a company to provide services such as local transport
- Providing grants to individuals (see footnote)

2.3 Whilst councils are encouraged to be innovative in their use of the GPC, they should be aware of the risks of:

- Being challenged in their use of the Power.
- Their trading activities damaging other local enterprises
- Damage to the Council's reputation and public money if a project or investment goes wrong.

3.0 Conclusions

¹ A recent example is this council's donation to the Disasters Emergency Fund Ukrainian Appeal

3.1 All conditions required to retain the GPC remain in place².

3.2 The list of potential uses for the GPC (2.2 above) is not exhaustive. If none of those is appropriate to the council's current operations, there may be other opportunities in the future.

3.3 There is no cost to adopting the GPC.

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² At the May 2021 election, the council had at least two-thirds of its councillors elected, and the Clerk has a CiLCA qualification. These are the conditions required to adopt and retain the GPC.