
Key considerations for community or town councils affected by a community or electoral review

Introduction

This document sets out some key considerations for community and town councils whose area will be subject to change following community or electoral reviews.

The information included here is intended to help councils navigate through preparing for whatever change they are facing as a result of community or electoral reviews. It does not provide legal advice, definitive guidance or answers, as much will depend on the specific circumstances of the councils concerned. There may be things, particular to individual councils, which need to be considered but are not covered here. Councils should consider their own circumstances and make arrangements locally, seeking legal advice as appropriate. Arrangements made should be reasonable and proportionate.

Electoral, boundary and community reviews

A community or town council might be subject to change as a result of:

- A review of electoral arrangements for the principal area, which results in consequential changes for community boundaries and community electoral arrangements within the principal area.
- A review of principal council area boundaries, which results in consequential changes for community boundaries and community electoral arrangements.
- A review of community boundaries.
- A review of community electoral arrangements.

Reviews may be undertaken by the Local Democracy and Boundary Commission ('the Commission') or, in the case of reviews of community boundaries and community electoral arrangements, the principal council for the area or the Commission.

The outcome of such reviews will be brought into effect by an Order. Depending on the type of review, the Order will be made by the relevant principal council, or the Commission, or the Welsh Ministers.

This document sets out key considerations following a community or electoral review where:

- Section 1 - [A community or town council is being dissolved](#)
- Section 2 - [A community or town council is being combined with another community or town council](#)
- Section 3 - [A community or town council's community area external boundaries are changing](#)
- Section 4 - [A community council is being created](#)

A community or electoral review may also result in changes to internal ward boundaries or electoral arrangements in community areas, however these are not considered here as they do not in themselves materially alter the community or town council area.

Section 1 - Council is being dissolved

Key considerations	Action you may need to take	Notes
What property does the council have?	If the council is to be dissolved, its property will need to be transferred to its “residuary successor” as specified in the relevant Order. If no “residuary successor” is specified in the Order, an agreement should be entered into to transfer property. What fixed assets (such as land, allotments, buildings, furniture, vehicles, machinery, office equipment, ICT equipment, play equipment) does the council have? Check the council’s asset register for details. The council must ensure this is up-to-date and accurate. What other assets (such as cash, investments and debts owed to the council) does the council have? Is the council, or its property or assets subject to any covenants? The council can make agreements relating to transfer of its property and assets. It is important that these agreements are reasonable and fair for all councils involved.	The Local Government Area Changes Regulations 1976 (see Regulation 62(3)) make provision for the automatic transfer of the following from a dissolved community council to their residuary successor (as specified in the Order):- 1. all property and liabilities vested in or attaching to a dissolved authority; 2. all contracts, deeds, bonds, agreements and other instruments subsisting in favour of, or against, a dissolved authority; 3. all notices in force which were given, or have effect as if they had been given, by, or to, a dissolved authority; 4. any action or proceeding or any cause of action or proceeding, pending or existing at the appointed day, by, or against, a dissolved authority There are some exceptions – see regulation 62(1) of the Local Government and Area Change Regulations 1976, which sets out that this does not apply to property held for the purposes of, and liabilities incurred in relation to any charitable trust, smallholdings and cottage holdings. Regulation 62(4) of the Local Government and Area Change Regulations also provides that whilst a transfer is automatic in these cases, a community council to which any property other than land is transferred by virtue of regulation 62(3)

Section 1 - Council is being dissolved

Key considerations	Action you may need to take	Notes
		may by resolution agree that the property shall not be transferred, or that it shall be transferred to another authority named in the resolution. Councils affected by the alteration, abolition or constitution of any area by Order have the power to enter agreements about any property, income, rights or liabilities affected by the change, and expenses arising as a result of the change, and any financial relations between the parties to the agreement. If the transfer happens automatically, where there is a specified successor, such agreements can supplement the automatic transfer. Where an Order dissolves a council without specifying a successor authority, an agreement should be reached between the relevant authorities. Agreements should be fair, reasonable and proportionate. If the changes to the council are being made by an Order in accordance with the Local Government Act 1972 ('the 1972 Act'), see section 68 of the 1972 Act. If the changes are being made by an Order in accordance with the Local Government (Democracy) (Wales) Act 2013 ('the 2013 Act'), see section 44 of the 2013 Act. Where the parties involved cannot reach agreement, the matter can be referred to an arbitrator agreed on by the

Section 1 - Council is being dissolved

Key considerations	Action you may need to take	Notes
		parties, or failing such agreement, appointed by the Welsh Ministers. Any costs incurred as a result of referring the matter to an arbitrator must be met by the bodies concerned.
Does the dissolving council need to set a precept?	Check the Order which provides for the dissolution of the council for clarity on the point at which the council is dissolved. The council should calculate its budget and precept requirements taking account of the point in the year that it will be dissolved. If the council is to be dissolved part way through the financial year, it may be that it does not need to raise a precept for that year, and could instead rely on reserves or other income between the start of the financial year and the point in the financial year when it will be dissolved.	The Order will have a section which sets out the commencement of the provisions in it. The Local Government Finance Act 1992 section 50 requires the council to calculate its budget requirement for the year and specifies how the budget requirement is to be calculated. The budget and the precept requirement must be approved by the council. See also Governance and Accountability for Local Councils in Wales – A practitioners guide (2019 Edition) – chapter 6
What happens to the dissolved council's reserves?	Councils should be prudent with use of reserves prior to dissolution and operate in line with existing financial guidance. If the council is to be dissolved, its reserves will need to be transferred to the successor council(s) for the area. If no "residuary successor" is specified in the Order, an agreement should be entered into to transfer reserves to the appropriate councils.	Regulation 62 of the Local Government Area Changes Regulations 1976 transfers liabilities automatically if a successor authority is identified in the Order, but an agreement could still be entered into to supplement those provisions. If the area the existing community council serves is to be split amongst a number of community council areas, the transfer of reserves will be more complicated. Consideration

Section 1 - Council is being dissolved

Key considerations	Action you may need to take	Notes
	Consider whether any of the council's reserves are earmarked for a particular area of the community that may be transferring to another existing community council area or a new community council area.	will be needed of how to transfer reserves in a proportionate way. Arrangements for transfer of reserves can be made as part of the agreements outlined above, made in accordance with section 68 of the 1972 Act or section 44 of the 2013 Act.
What liabilities does the council have?	What outstanding liabilities does the council have? For example, contracts for goods and services, borrowings? Check the council's record of liabilities for details. The council must ensure this is up-to-date and accurate.	The Local Government Area Changes Regulations 1976 (see Regulation 62(3)) make provision for the automatic transfer of all liabilities vested in or attaching to a dissolved community council, as well as all contracts, deeds, bonds and agreements subsisting in favour of, or against, a dissolved community council, to its residuary successor where one is identified in the Order. Arrangements for transfer of liabilities can also be made as part of, or supplemented by, an agreement made under section 68 of the 1972 Act or section 44 of the 2013 Act. It may be that reserves could be used to offset liabilities or that the dissolving council agrees to dispose of some assets, for example where they would duplicate what the new council already has.
Is the council in receipt of any grants?	The council will need to notify the grant provider and agree any action required.	

Section 1 - Council is being dissolved

Key considerations	Action you may need to take	Notes
Do you have any service agreements with the principal council?	Consider whether the council has any agreements to provide or receive services and any action required in the light of dissolution of the council.	
What staff does the council employ directly including any on short term or limited hour contracts?	The council needs to assure itself that it is acting at all times in line with employment law, seeking further advice where necessary. The treatment of staff should be guided by the provisions of the Cabinet Office Statement of Practice on Staff Transfers in the Public Sector. The Statement of Practice expects a clear and consistent policy for the treatment of staff founded on the principles of the Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE). In broad terms TUPE protects employees' continuity and terms and conditions of service where there is a change of employer..	The fair treatment of staff is an essential part of effective public service and democratic engagement. There should be a clear and consistent policy for the treatment of any staff affected by the dissolution or combination of a community council. See regulation 67, 69 and 70 of the Local Government Area Changes Regulations 1976 It the council is to be dissolved and its area not transferred as a whole to the area of another community council, a scheme for the allocation of all the council's officers must be made by the dissolving council. If all but one of the councils to which the dissolving council's area is being transferred notify the council to be dissolved that no officers need be allocated for transfer to them, no scheme will be required. Every officer allocated by a scheme will be transferred to the employment of that council. Regulation 69 sets out things the community council must consider when making a scheme.

Section 1 - Council is being dissolved

Key considerations	Action you may need to take	Notes
		If there is a residuary successor for the area specified in the Order, the staff of the dissolving council will automatically transfer to the employment of the successor council.
What arrangements does the council need to make for papers, records or other information held by the council?	Check the Order which provides for the dissolution of the council. The Order may specify the dissolving council's residuary successor. This is where papers of the dissolved council are to be held. The council will need to ensure the council's papers, records and other information are deposited with the residuary successor, or another community council or with the principal council and communicate where the papers are held.	Where a council is to be dissolved and there is a clear residuary successor, this will be set out in the relevant Order. If the Order does not specify a residuary successor, it is likely that the dissolving council's area is moving to more than one other community council area. If so, the successor(s) for the purposes of papers or other information can be determined locally and specified in an agreement made under provision in section 68 of the Local Government Act 1972 or section 44 of the Local Government (Democracy) (Wales) Act 2013.
Insurance	Consider what insurance policies the council has in place and the appropriate point to cancel that insurance (likely to be the point at which the council is dissolved or the point at which an asset is transferred if that is in advance of dissolution).	
What arrangements does the dissolving council need to make for audit?	The council's accounts should be made up to the day the council is dissolved ready to be audited in the usual way.	Audit Wales will report audit findings to the body identified as the successor to the dissolved council (either the residuary successor or the council identified as the successor for this purpose in an agreement made under provision in section 68 of the Local Government Act 1972 or section 44 of the Local Government (Democracy) (Wales) Act 2013).

Section 1 - Council is being dissolved

Key considerations	Action you may need to take	Notes
Are there any local acts, orders and byelaws in place in the dissolving council's area?	The dissolving council does not need to take any action.	See Regulation 41 and Regulation 42 of the Local Government Area Changes Regulations 1976 Any local acts, orders and byelaws in force throughout the community area cease to have effect in relation to any area of that community that is transferred out of that community to another community.
What happens to elected members?	Check the Order which dissolves the council. If the council is to be dissolved at the point of the next ordinary elections of councillors to community councils, the elected members will retire at that point.	
Is the community aware of the changes?	Liaise with the principal council to agree how the changes will be communicated. The billing authority will need to inform the electorate of all changes within the local authority area.	

Section 2 - Council is combining with another council

Key considerations	Action you may need to take	Notes
How will this combination be achieved?	Check the Order which provides for the council to be combined with another council. The orders making changes to the community council arrangements tend to dissolve the existing councils and create a new council for the new combined community area.	
What is the new community council called?	The Order will specify the name of the new community area and by definition the new community council.	
What property does the council have?	If the council is to be combined with another council, what property will need to be transferred to the new council for the area? What fixed assets (such as land, allotments, buildings, furniture, vehicles, machinery, office equipment, IT equipment, play equipment) does the council have? Check the council's asset register for details. The council must ensure this is up-to-date and accurate. What other assets (such as cash, investments and debts owed to the council) does the council have? Is the council, or its property or assets subject to any covenants?	If the area the existing community council serves is to be transferred in its entirety to another community council, that community council would be the successor (and defined in the Order as 'residuary successor'). The Local Government Area Changes Regulations 1976 (see Regulation 62(3)) make provision for the automatic transfer of the following from a dissolved community council to their residuary successor:- 1. all property and liabilities vested in or attaching to a dissolved authority; 2. all contracts, deeds, bonds, agreements and other instruments subsisting in favour of, or against, a dissolved authority; 3. all notices in force which were given, or have effect as if they had been given, by, or to, a dissolved authority;

Section 2 - Council is combining with another council

Key considerations	Action you may need to take	Notes
	The council can make agreements relating to property and assets.	4. any action or proceeding or any cause of action or proceeding, pending or existing at the appointed day, by, or against, a dissolved authority. There are some exceptions to this in regulation 62(1) of the Local Government and Area Change Regulations 1976, which sets out that this does not apply to property held for the purposes of, and liabilities incurred in relation to any charitable trust, small holdings and cottage holdings. Regulation 62(4) of the Local Government Area Change Regulations also provides that whilst a transfer is automatic in these cases, a community council to which any property other than land is transferred by virtue of Regulation 62(3) of those Regulations may by resolution agree that the property shall not be transferred, or that it shall be transferred to another authority named in the resolution. Councils affected by the alteration, abolition or constitution of any area by Order have the power to reach agreements about any property, income, rights or liabilities affected by the change, and expenses arising as a result of the change, and any financial relations between the parties to the agreement. If the transfer happens automatically, where there is a specified residuary successor in the Order, such agreements can supplement the automatic transfer. Where

Section 2 - Council is combining with another council

Key considerations	Action you may need to take	Notes
		an Order dissolves a council without specifying a successor authority, an agreement should be reached between the relevant authorities If the changes to the council are being made by an Order in accordance with the Local Government Act 1972 ('the 1972 Act'), see section 68 of the 1972 Act. If the changes are being made by an Order in accordance with the Local Government (Democracy) (Wales) Act 2013 ('the 2013 Act'), see section 44 of the 2013 Act.
Do the existing councils need to set a precept? What about the precept for the new council for the area?	Check the Order which provides for the combining of the councils for clarity on timings for coming into force. The council should calculate budget and precept requirements taking account of the point in the year the existing councils will be dissolved and the new council will be created. It may be that the existing councils do not need to raise a precept for the financial year in which they are to be dissolved/combined and could instead rely on reserves or other income between the start of the financial year and the point in the financial year when they will be dissolved. The Order which provides for the dissolution/combination of the councils will make	The Order will have a section which sets out the commencement of the provisions in it. The Local Government Finance Act 1992 section 50 requires the council to calculate its budget requirement for the year and specifies how the budget requirement is to be calculated. The budget and the precept requirement must be approved by the council. The new council for the area will also require a budget for any portion of the financial year that it comes into existence until the time it can calculate its own budget for the first full financial year. The Order which creates the new council will set out provisions for the initial expenses. The exact amount will either be specified in the Order or Welsh

Section 2 - Council is combining with another council

Key considerations	Action you may need to take	Notes
	provision for initial expenses of the new community council for the area.	Government will notify the billing authority and the new community council in writing.
What happens to the existing council's reserves?	If the council is to be combined with another council to form a new community council area, its reserves will be transferred to the new council for the area if the new council is specified as the residuary successor in the Order. If not, an agreement should be entered into to transfer reserves. Councils should be prudent with reserves prior to dissolution and operate in line with existing financial guidance.	
What liabilities does the council have?	What outstanding liabilities does the council have? For example, goods and services, borrowings? Check the council's record of liabilities for details. The council must ensure this is up-to-date and accurate.	Regulation 62(3) of the Local Government Area Change Regulations 1972 make provision for the automatic transfer of all liabilities vested in or attaching to a dissolved community council, as well as all contracts, deeds, bonds and agreements subsisting in favour of, or against, a dissolved community council, to its residuary successor where a residuary successor is identified in the Order. Arrangements for transfer of liabilities can also be made as part of, or supplemented by, an agreement made under section 68 of the 1972 Act or section 44 of the 2013 Act.
Is the council in receipt of any grants?	The council will need to notify the grant provider and agree any action required.	

Section 2 - Council is combining with another council

Key considerations	Action you may need to take	Notes
Do you have any service agreements with the principal council?	Consider whether the council has any agreements to provide or receive services and any action required in the light of the council combining with another council.	
What staff does the council employ directly including any on short term or limited hour contracts?	The council needs to assure itself that it is acting at all times in line with employment law, seeking further advice where necessary The treatment of staff should be guided by the provisions of the Cabinet Office Statement of Practice on Staff Transfers in the Public Sector. The Statement of Practice expects a clear and consistent policy for the treatment of staff founded upon the Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE). In broad terms TUPE protects employees' continuity and terms of service where there is a change of employer. The council should be mindful of the welfare of any staff it employs during this process.	The fair treatment of staff is an essential part of effective public service and democratic engagement. There should be a clear and consistent policy for the treatment of any staff affected by the dissolution or combination of a community council. See Regulation 70 of the Local Government Area Changes Regulations 1976. See also Regulation 71 'Protection of officers transferred' If there is a successor council for the area specified in the Order, the staff of the dissolving council would automatically transfer to the employment of the successor council.
What arrangements does the council need to make for papers, records or other information held by the council?	The council will need to ensure the council's papers are deposited with the residuary successor, if one is identified in the Order. The council should also communicate where the papers are held.	See also s62(3) of the Local Government Area Change Regulations

Section 2 - Council is combining with another council

Key considerations	Action you may need to take	Notes
Insurance	Consider what insurance policies the council has in place and the appropriate point to cancel that insurance (likely to be the point at which the council is dissolved or the point at which an asset is transferred if that is in advance of dissolution). Consider what insurance arrangements need to be made for the new council.	
What arrangements does the council need to make for audit?	The council's accounts should be made up to the day the council is dissolved to be audited in the usual way. The new council will be required to follow the process for submitting the annual return for audit in accordance with The Accounts and Audit (Wales) Regulations 2014, regulation 15	Successor councils will be responsible for closing the accounts for the dissolved councils (either the residuary successor or the council identified as the successor for this purpose in an agreement made under provision in section 68 of the Local Government Act 1972 or section 44 of the Local Government (Democracy) (Wales) Act 2013). Normal audit arrangements will apply.
Are there any local acts, orders and byelaws in place in the area?	Assess what local acts, orders and byelaws were in place in the existing councils. Consider what local acts, orders and byelaws are required in the new council area.	See Regulation 41 and Regulation 42 of the Local Government Area Changes Regulations 1976. Any local acts, orders and byelaws in force throughout the community area cease to have effect in relation to any area of that community that is transferred out of that community to another community, even where communities are being combined.
What happens to elected members of the existing councils?	Check the Order which dissolves the council. If the council is to be dissolved at the point of the next	

Section 2 - Council is combining with another council

Key considerations	Action you may need to take	Notes
	ordinary elections of councillors to community councils, the elected members will retire at that point.	
What about elections to the new council for the area?	The principal council will be responsible for making the arrangements for elections to the new council.	
Is the community aware of the changes?	Liaise with the principal council to agree how the changes will be communicated. The billing authority will need to inform the electorate of all changes within the local authority area.	

Section 3 - Council's community area external boundaries are changing

Key considerations	Action you may need to take	Notes
Does the change to the boundary affect any property? Will property transfer into or out of your council area? Or both?	Consider whether any property is impacted by the changes to the council's community area. For example, what fixed assets (such as land, allotments, buildings, furniture, vehicles, machinery, office equipment, play equipment etc) are held in relation to the specific area to be transferred? Are there any broader impacts of changes to the community council area which need to be taken into account? For example, is there any impact on other assets (such as cash, investments and debts owed to the council)? Is the council, or its property subject to any covenants? The council can make agreements relating to property. It is important that these agreements are proportionate, reasonable and fair for all councils involved.	Check the Order which provides for the boundary changes of the council's community area. The Local Government Area Changes Regulations 1976 (see regulation 62(2)) make provision for the automatic transfer of the following, from a community council from which an area is being transferred, to the community council for the community to which the area is transferred:- (a) property situated in the area (b) the fittings, furniture, equipment and records of the building; any stores in the building which have been provided for the discharge of functions therein; any vehicle or other mobile equipment used wholly or mainly in the performance of the functions carried out in the building: in relation to buildings or other land in the area, except in so far as such property is excluded by the agreement of the transferee authority; (c) other property held exclusively in respect of the area; (d) liabilities incurred exclusively in respect of the area;

Section 3 - Council's community area external boundaries are changing

Key considerations	Action you may need to take	Notes
		(e) contracts, deeds, bonds, agreements and other instruments, and notices, such instruments subsisting and notices given exclusively in respect of the area; (f) such actions and proceedings pending or causes existing exclusively in respect of the area. Councils affected by the alteration, abolition or constitution of any area by Order have the power to reach agreements about any property, income, rights or liabilities affected by the change, and expenses arising as a result of the change, and any financial relations between the parties to the agreement. Those agreements can be used to supplement the automatic transfer of property etc under regulation 62(2). If the changes to the council are being made by an Order in accordance with the Local Government Act 1972 ('the 1972 Act'), see section 68 of the 1972 Act. If the changes are being made by an Order in accordance with the Local Government (Democracy) (Wales) Act 2013 ('the 2013 Act'), see section 44 of the 2013 Act. Where the parties involved cannot reach agreement, the matter can be referred to an arbitrator agreed on by the parties, or failing such agreement, appointed by the Welsh

Section 3 - Council's community area external boundaries are changing

Key considerations	Action you may need to take	Notes
		Ministers. Any costs incurred as a result of referring the matter to an arbitrator must be met by the bodies concerned.
How should the boundary change be taken into account when calculating the council's budget and setting a precept?	Check the Order which provides for the boundary changes of the council for clarity on when the boundary change will take place. The council should calculate its budget and precept requirements for the year, taking account of the boundary change and when it will take effect.	The Local Government Finance Act 1992 section 50 requires the council to calculate its budget requirement for the year and specifies how the budget requirement is to be calculated. The council will need to take into account the new boundaries in setting its budget requirements for the year.
What about reserves?	Consider whether any of the council's reserves are earmarked for a particular area of the community that is to be transferred to the community council now responsible for that area. Explore whether any areas being transferred to your community council area have any reserves allocated to them.	Councils have the power to reach agreements with regard to property and finance. If the changes to the council are being made by an Order in accordance with the Local Government Act 1972 ('the 1972 Act'), see section 68 of the 1972 Act. If the changes are being made by an Order in accordance with the Local Government (Democracy) (Wales) Act 2013 ('the 2013 Act'), see section 44 of the 2013 Act. Where the parties involved cannot reach agreement, the matter can be referred to an arbitrator agreed on by the parties, or failing such agreement, appointed by the Welsh Ministers. Any costs incurred as a result of referring the matter to an arbitrator must be met by the bodies concerned.

Section 3 - Council's community area external boundaries are changing

Key considerations	Action you may need to take	Notes
What about liabilities?	Consider whether any of the council's liabilities relate to a particular area of the community that will be transferring to a different community council area. Consider whether any areas being transferred into your area may have any liabilities associated with them.	Regulation 62(2) of the Local Government Area Change Regulations makes provision for the automatic transfer of liabilities incurred exclusively in respect of the area. Arrangements for transfer of liabilities can also be made as part of, or supplemented by, an agreement made under section 68 of the 1972 Act or section 44 of the 2013 Act. Where the parties involved cannot reach agreement, the matter can be referred to an arbitrator agreed on by the parties, or failing such agreement, appointed by the Welsh Ministers. Any costs incurred as a result of referring the matter to an arbitrator must be met by the bodies concerned.
Are there any grants relating to the area to be changed?	The council will need to notify the grant provider and agree any action required.	
Do you have any service agreements with the principal council?	Consider whether the council has any agreements to provide or receive services and any action required in the light of the boundary change.	
What staff does the council employ directly including any on short term or limited hour contracts?	Are any staff affected by the boundary change? Consider whether any staff of the community council have a role directly associated with the area being transferred. If so, the council needs to assure itself that it is acting at all times in line with employment law, seeking further advice where necessary.	The fair treatment of staff is an essential part of effective public service and democratic engagement. There should be a clear and consistent policy for the treatment of any staff affected. The council isn't required to, but could, under Regulation 67(6) of the Local Government Area Changes Regulations

Section 3 - Council's community area external boundaries are changing

Key considerations	Action you may need to take	Notes
	The council should be mindful of the welfare of any staff it employs during this process.	1976, make a scheme for the allocation of some staff to the council to which an area is transferred.
Audit	No additional action required. Usual audit arrangements will apply.	
What local acts, orders and byelaws are in place in the area affected by the boundary change?	No action needed	See Regulation 41 and Regulation 42 of the Local Government Area Changes Regulations 1976. Any local Act, any order made under any Act, or any byelaws in force immediately before the date of the boundary change throughout a community area which is altered by the order, continue to be in force throughout that area as altered. However, they cease to have effect in relation to any area of that community that is transferred out of that community to another community. The area transferred will become subject to local acts, orders and byelaws in force in relation to that other community.
Is the community aware of the changes?	Liaise with the principal council to agree how the changes will be communicated. The billing authority will need to inform the electorate of all changes within the local authority area.	

Section 4 - Council is being created

Key considerations	Action you may need to take	Notes
What property will be transferred to the new council?	If the council is being created for an area that previously had a community council(s), some property may transfer automatically from existing councils to that new council. Those existing community councils may be being dissolved or seeing changes to their boundaries as part of the wider change to their community area. The incoming council will need to take stock on the assets and property it has inherited and form an asset register.	The Local Government Area Changes Regulations 1976 (regulation 62(2) and 62(3)) make provision for the transfer of property from a community council from which an area is being transferred, to the community council for the community to which the area is transferred (see Section 3 above) and for the transfer of property from a dissolved council to its residuary successor (see Section 1 above). Councils affected by the alteration, abolition or constitution of any area by Order have the power to reach agreements about any property, income, rights or liabilities affected by the change, and expenses arising as a result of the change, and any financial relations between the parties to the agreement. If the transfer happens automatically, where there is a specified successor, such agreements can supplement the automatic transfer. Where an Order dissolves a council without specifying a successor authority, an agreement should be reached. If the council is being created by an Order in accordance with the Local Government Act 1972 ('the 1972 Act'), see section 68 of the 1972 Act. If the council is being created by an Order in accordance with the Local Government

Section 4 - Council is being created

Key considerations	Action you may need to take	Notes
		(Democracy) (Wales) Act 2013 ('the 2013 Act'), see section 44 of the 2013 Act. Where the parties involved cannot reach agreement, the matter can be referred to an arbitrator agreed on by the parties, or failing such agreement, appointed by the Welsh Ministers. Any costs incurred as a result of referring the matter to an arbitrator must be met by the bodies concerned.
What about the precept for the new council?	Check the Order which provides for the creation of the council for clarity on timings for coming into force. The Order which provides for the creation of the council will make provision for initial expenses of the new council.	The new council will require a budget for any portion of the financial year that it comes into existence until the time it can calculate its own budget for the first full financial year. The Order which creates the new council will set out provisions for the initial expenses of the new community council. The exact amount will either be specified in the Order or Welsh Government will notify the billing authority and the new community council in writing.
What liabilities will the new council have?	Consider whether any of the new community area has any liabilities attached to it (this will link in with considerations under sections 1, 2 and 3 above). The new council will need to take stock on the liabilities in their area.	The Local Government Area Changes Regulations 1976 (see Regulation 62(3)) make provision for the automatic transfer of all property and liabilities vested in or attaching to a dissolved community council to its residuary successor where a residuary successor is identified in the Order. Regulation 62(2) also provides for the transfer of property and liabilities relating to an area being transferred.

Section 4 - Council is being created

Key considerations	Action you may need to take	Notes
		Arrangements for transfer of liabilities can also be made as part of the agreements outlined above, made in accordance with section 68 of the 1972 Act or section 44 of the 2013 Act.
What about staffing arrangements for the new council?	The council needs to assure itself that it is acting at all times in line with employment law, seeking further advice where necessary. Consider whether any staff would transfer to the new community council. At the first meeting, the council will need to determine how it will be staffed and make arrangements for the appointment of a proper officer.	The fair treatment of staff is an essential part of effective public service and democratic engagement. There must be a clear and consistent policy for the treatment of any staff See regulation 67, 69 and 70 of the Local Government Area Changes Regulations 1976 If a council is to be dissolved and its area not transferred as a whole to the area of another community council, a scheme for the allocation of all the council's officers may need to be made by the dissolving council. Such a scheme may provide for the transfer of staff to a new community council. If the new council is specified in the Order as the residuary successor for a dissolved council, the staff of the dissolving council will transfer to the employment of the successor council.
What arrangements does the new council need to make for audit?	The new council will be required to follow the process for submitting the annual return for audit in accordance with The Accounts and Audit (Wales) Regulations 2014, regulation 15	The new council may also be responsible for closing the accounts of a dissolved council which forms part of their area, if they have been named as a residuary successor, or agreement has been reached that they are the appropriate successor for this purpose.

Section 4 - Council is being created

Key considerations	Action you may need to take	Notes
	Notify Audit Wales of contact details.	
Insurance	Consider any insurance that needs to be in place for property or assets that have been transferred to you.	
What about elections to the new council?	The principal council will be responsible for making the arrangements for elections to the new council.	
What arrangements need to be made for the first meeting of the new council?	Check the Order which provides for the creation of the council for clarity on arrangements for first meetings.	The Order will normally set out the arrangements for the first meeting of the new council, specifically who will be responsible for convening it. There is a process for community council meetings set down in law, including notices and paperwork to be provided.
Is the community aware of the changes?	The billing authority will need to inform the electorate of all changes within the local authority area.	