

BRECKLAND COUNCIL

At a Meeting of the

OVERVIEW AND SCRUTINY COMMISSION

**Held on Thursday, 21 November 2013 at 2.00 pm in the
Anglia Room, The Conference Suite, Elizabeth House, Walpole Loke, Dereham**

PRESENT

| | |
|--------------------------------|--|
| Mr J.P. Cowen (Chairman) | Mrs S.M. Matthews |
| Mr T. J. Jermy (Vice-Chairman) | Mr R. R. Richmond |
| Mr C G Carter | Mr J.D. Rogers |
| Mr K.S. Gilbert | Mr B. Rose |
| Mrs D.K.R. Irving | Councillor C Bowes (Substitute Member) |
| Mr A.P. Joel | Mr S.G. Bambridge (Substitute Member) |

Also Present

| | |
|-----------------------------|------------------|
| Mrs S Armes | Mr C.R. Jordan |
| Mr W.P. Borrett | Mr M J Nairn |
| Mr T R Carter | Mrs L.S. Turner |
| Councillor M. Chapman-Allen | Mr M. A. Wassell |
| Mrs E. M. Jolly | |

Mr R. Atterwill - Chairman, Swanton Morley Parish Council

In Attendance

| | |
|---------------|---|
| Simon Best | - REV Active Project Manager |
| Mark Finch | - Assistant Director of Finance |
| Helen McAleer | - Senior Committee Officer |
| Susan Smith | - Funding Support Officer |
| Teresa Smith | - Committee Officer (Scrutiny & Projects) |

Action By

67/13 MINUTES (AGENDA ITEM 1)

The Minutes of the meeting held on 17 October 2013 were confirmed as a correct record and signed by the Chairman.

68/13 APOLOGIES AND SUBSTITUTES (AGENDA ITEM 2)

Apologies for absence were received from Councillors Byrne and Kybird. Councillors Bambridge and Bowes were present as Substitutes.

69/13 DECLARATION OF INTERESTS (AGENDA ITEM 4)

For transparency, Councillor Irving declared that she was employed by Brandon Lewis MP in a constituency capacity.

**70/13 NON-MEMBERS WISHING TO ADDRESS THE MEETING
(AGENDA ITEM 5)**

Councillors Armes, Borrett, T Carter, Chapman-Allen, Jolly, Jordan, Nairn, Turner and Wassell were in attendance.

Action By

**71/13 EXTENSION OF EXISTING ERDF FUNDED
LEGE/GRANTS4GROWTH PROGRAMME (AGENDA ITEM 6)**

Simon Best, Programme Manager and Susan Smith, Financial Claims Manager, introduced themselves to Members.

The Programme Manager presented the report. The Council had been approached by the European Regional Development Fund (ERDF) with a proposal to take more money to extend the existing Local Enterprise Growth and Efficiency (LEGE)/Grants4Growth Programme. The additional funding would have no resource implications and would enable the provision of larger grants of £100,000. With the smaller grants it was very difficult to provide evidence of cost savings. However, with larger grants savings, efficiencies and additional jobs could be more easily identified.

Councillor Gilbert supported the proposal but asked for clarification of the term 'intervention rate' mentioned on page 10. It was explained that the term referred to the maximum percentage funding that would be provided to any project.

Councillor Joel asked whether it would be possible to spend the additional funding before the project concluded at the end of 2013. He was advised that the project would actually run until December 2015. The 2013 date referred to the period when money would be clawed back from any underperforming projects. It was confirmed that there was plenty of time to spend the money and demand for the funding was high. The biggest issue would be ensuring that it was distributed fairly.

Councillor Bambridge asked if the funding was for new businesses only and the Programme Manager explained that the funding was for new and existing small and medium 'enterprises' whose work involved implicit transactions. Therefore businesses, charities and voluntary organisations could apply.

The Chairman asked how the funding would be awarded. The most likely way would be by 'open call'. Applications would be submitted which explained the merits of a project and they would be compared on a like for like basis with those providing the greatest outputs being successful. It was hoped that that process could commence by the end of Quarter One in 2014. That would give sufficient time for active marketing if there was not enough interest.

The Chairman asked whether £2million was the right sum; would it be sufficient or would it be a struggle to spend it?

The Programme Manager advised that it was a conservative sum which reflected the very real and latent demand with minimum risk to the Council.

Action By

Finally the Chairman asked whether the money would all be spent within the Breckland area. It was pointed out that the money was for the project target area which covered the four Local Enterprise Partnerships (LEPs) zones which included a large part of East Anglia. However, it was noted that out of 44 grants awarded so far, 16 had been within Breckland District.

RESOLVED to RECOMMEND TO CABINET & COUNCIL that the offer of additional funding of £2 million from the East of England European Regional Development Fund (ERDF) Programme for the Council's current Local Enterprise Growth and Efficiency project (LEGE), branded as *Grants4Growth*, be accepted.

The Chairman said it was great news for Breckland and wished the Officers good luck with the project.

72/13 SCRUTINY CALL-INS (AGENDA ITEM 9)

(a) Town/Parish Council Localised Council Tax Grant

The Chairman noted that a number of Councillors had called-in the item. Mr Roger Atterwill, Chairman of Swanton Morley Parish Council was also in attendance and he was invited to put his point of view first.

Mr Atterwill said that he had been very disappointed about the lack of consultation with the Parishes. He had found out about the decision from the local paper which he did not consider good practice. There was an emphasis on Localism from Central Government but in this case they had been dictated to.

On the DCLG website it said that in allocating funding the Government clearly expected that Council's would pass funds down to parishes to reduce precepts, although he acknowledged that 2014/15 was not mentioned.

In the presentation to Cabinet a table of options had been provided. Times were tough but he asked why more credence had not been given to Option B – to reduce the funding to parishes. That option was revenue neutral. Otherwise the Council would be gaining money. He asked that the decision be reconsidered.

The Chairman thanked Mr Atterwill for his comments which were very useful. He then went on to say that he had not been able to attend the Cabinet meeting when the item was discussed. However, all Members could attend and had the opportunity to comment at Cabinet. He did not feel it was Scrutiny's purpose to debate what should have been debated at Cabinet. He pointed out that many of the Councillors that had

Action By

called in the decision had done so for that reason. Councillor Jermy's call in was different. Like Mr Atterwill he did not believe that the matter had been adequately assessed. Members were asked to consider whether they thought it had been dealt with effectively.

Councillor Jordan felt that Cabinet had not given enough weight to what the Government had said. There was nothing in the report to say there was no money for the parishes.

The Vice-Chairman said that he had also been unable to attend the Cabinet meeting. He had called the item in because he thought the decision was flawed. He was also a Town Councillor and he knew the really grave effect that the decision would have and he felt that the towns and parishes should have been consulted.

The Chairman invited the Member with direct Portfolio responsibility for the decision to respond. Councillor Jolly, Executive Member for Finance & Democratic Services set the scene and explained how things had happened. Firstly she said the report title had been incorrect. It should have been Local Council Tax Support Grant. The support grant replaced Council Tax benefits which used to be 100% Government funded. That had been reduced to 85-90% resulting in a fall in the tax base and the increase to Council Tax. Parishes had been advised that some funding would be provided as a transitional grant by Breckland Council – although they had been under no obligation to provide it. The amount of the grant had been advised in time to inform their precept submissions. Members agreed that the parishes had known that grant was only to be paid for one year.

The options in the Cabinet report came from early budget setting assumptions which had since been amended. There were also inconsistencies in the text of the report for which she apologised.

Cabinet had addressed the impact of the 65% of parishes that had taken the grant and still increased their precept. They acknowledged that the 35% that had reduced their precept would be affected by the decision. However, the impact on Breckland Council was great. Parishes could set their precept but the Council, which started with the lowest Council Tax in the country, could only make a very small increase. She quoted comparisons with neighbouring districts. The changes imposed by Central Government were increasing costs and the decrease in income meant that the Council was facing a significant shortfall by 2016/17.

She hoped the overview had been helpful. She then asked the Assistant Director of Finance to provide some details. He clarified that during discussions with Executive Members it had

Action By

been agreed that reference to the grant should be removed from the Medium Term Budget plan. Unfortunately that had not been done, hence the confusion. Officers had sought to rectify that by bringing a report to Cabinet to give clarity to parishes about the precept and tax base levels for 2014/15 onwards and to reflect the changing position of Government funding.

The impact of paying the grant would be significant for the Council. If Option B had been approved it would have had an impact on the precept well in excess of the Government cap, requiring a referendum.

With regard to the DCLG consultation he advised that it had been unclear whether the support grant to Districts would be continued. There was no reference to the grant in the current year's settlement.

The Council did regularly communicate with parishes although they had not done so specifically about the grant. It had been discussed at the Town & Parish Forum in May and it had been made clear then that it would not be paid again.

The Leader of the Council then spoke. He wished to clear up the fallacy that the Council was holding on to money meant for the parishes. He had received additional information from Mr Needham, the Clerk of Dereham Town Council. Mr Needham had e-mailed the DCLG early in the year about budget setting. He had asked whether the transitional grant was continuing. The Leader read out the response from the Deputy Director for Council Tax which said that Ministers were clear that the grant had been for 2013/14 only.

The Leader had written again last week asking for clarification and been advised that the grant had been for one year only and was not part of the Rate Support Grant (RSG) for 2014/15. There was no money being hidden.

With regard to the hand over of facilities without payment which had also been raised, he advised that the Council had passed £1.9million to the Town Councils as part of the transfer of assets.

Councillor C Carter said that he had not been at the Town & Parish Council Forum. He asked what the feeling had been from those there and the Assistant Director of Finance said that he had not detected hostility. The message had been understood. The Leader, who had chaired the Forum, agreed.

The Vice-Chairman responded to two points raised by the Executive Member for Finance & Democratic Services. He said that in the report to Cabinet it said that 65% of parishes had increased their precept. He felt that was misleading because it

Action By

did not take budgetary pressures into account. He wanted to highlight the fact that expenditure was increasing and a proper analysis of what parishes had done was required.

He also noted that the commuted sums transferred with assets did not adequately cover the running costs. He gave an example and said that the towns and parishes did not have the same resources as the Council and it was a financial burden on them.

As a Town Councillor he was aware that the issue had caused considerable concern. Thetford had not been aware the grant was for one year only. They were looking at putting up their precept due to other cost pressures. The cumulative effect was causing real concern. The District Council should act as an umbrella to provide services. The transfer of responsibilities was being called Localism but true assets were needed that would generate money. He asked why the Council had not worked with the towns and parishes to look for economies of scale and to share services with them.

He concluded by saying that Members had not looked at all the options. It would be fairer if some money was transferred. There might not be a legal obligation for the Council to do so, but there was a moral obligation.

Councillor Bambridge had been at the Cabinet meeting and confirmed that there had been considerable debate about all the options. Very few back-bench Members had been in attendance. He had thought it important that the matter was heard in a wider forum which was why he had called it in.

The Chairman pointed out that the matter was receiving a wider debate and he was glad about that. In response to the Vice-Chairman's comments he pointed out that the towns and parishes had not been forced into taking over assets. It was regrettable that interest rates were not providing the necessary investment return.

Councillor Gilbert agreed that the towns had not been forced, but said that Watton had been advised that if they did not take responsibility for the public toilets they would be closed. They had not wanted to assume that responsibility but they had not wanted their residents to lose that service. It was the same with streetlights. He thought that the perception of a vast majority of people was that the Council were receiving money for the towns and parishes and keeping it.

The Leader read the e-mail he had received again and repeated that there was no money in the RSG for Towns and Parishes.

Councillor Rogers said that he had put his name to the call-in

Action By

because he thought it would be better for the Council if more people agreed with the Cabinet. He had advised his parishes that the money was a one-off.

Councillor Jordan gave a brief history of things being handed to the towns and said that it had started in Watton. With regard to the grant he noted that it was a 'big hit' for small parishes.

Councillor Sharpe understood that the Council was to receive a sum of money. If they decided to take a lump sum out of that and pass it to the parishes it would leave them short for other services. If a grant was provided to the parishes it would mean a cut in services.

Councillor Matthews had also called in the decision because she wanted it to be heard in a wider forum. The towns had always wanted to run their own things. The Clerks were talking to each other about streetlights and she thought that was the way forward; to work collectively.

Councillor Joel agreed that the matter had been well debated at Cabinet and that the parishes had been advised that it was a one off grant.

The Executive Member recalled that the Council had not been advised of the amount of their RSG until 20 December the previous year and it had only been then that they realised the funding was for one year. Option B it would mean a loss of over £½million in income over two years, making an additional hole in the budget. It was a really tough time, but money could only be spent once.

Councillor Borrett made two points. With regards to play areas and street lighting he advised that his parish of North Elmham had streetlights which it funded through the precept without any commuted sum. The system was therefore not unfair to the towns.

He went on to say that the issue of the grant was perceived as important. In the report it clearly gave options. Option B had no cost to the Council and Option D said it saved £259,000. As a result of that it appeared that the Council was hanging on to money that was due to the parishes. It was why a lot of people were in attendance at the Scrutiny meeting. However, having listened to the Executive Member and the Assistant Director it was clear that the report gave the wrong impression. No money had been given and if the Council paid the grant it would cost the Council money which would have to be found from elsewhere. He was not surprised about public perception because the information presented had been incorrect. That had caused a serious problem for Members, but he now

Action By

understood that the Council had not been given money and they were not withholding a penny.

The Assistant Director for Finance read out the content of the letter to parish councils sent out with the final figures for the 2013/14 grant. Although it did not explicitly say that the grant was for one year only it purely referred to the 2013/14 precept and did not refer to future years.

The Vice-Chairman proposed that the matter should be referred to Council for consultation with the parishes on the implications to the parishes. Councillor Gilbert seconded the proposal. The proposal was not supported.

Councillor Rogers proposed that the matter be referred back to Cabinet with a recommendation that option D be approved. Councillor Bowes seconded the proposal.

The Chairman clarified that the proposal referred to the options in the report and that option D would remove the grant completely.

RESOLVED to **RECOMMEND TO CABINET** that Option D be approved.

73/13 WORK PROGRAMME (AGENDA ITEM 11)

The Chairman asked Members to give consideration to items to put forward for the work programme.

The Vice-Chairman asked whether the Housing Associations had been contacted as he was aware that Members were keen to question them about matters such as housing stock management, repairs and garage forecourts.

74/13 NEXT MEETING (AGENDA ITEM 12)

The arrangements for the next meeting on 30 January 2014 were noted.

The meeting closed at 3.30 pm

CHAIRMAN