

## FINANCE AND AUDIT SCRUTINY PANEL 25 NOVEMBER 2010

- Present :-* Councillor Dennis Willetts (Chairman)  
Councillors Sue Lissimore, Jon Manning, Colin Mudie  
and Gerard Oxford
- Substitute Members :-* Councillor Nigel Chapman  
for Councillor Christopher Arnold  
Councillor Ray Gamble for Councillor Nick Cope  
Councillor Nigel Offen for Councillor Scott Greenhill  
Councillor Julie Young for Councillor Kim Naish  
Councillor Bill Frame for Councillor Colin Sykes
- Also in Attendance :-* Councillor Tina Dopson  
Councillor Paul Smith  
Councillor Anne Turrell  
Councillor Martin Hunt  
Councillor Elizabeth Blundell  
Councillor Kevin Bentley  
Councillor Andrew Ellis  
Councillor Terry Sutton  
Councillor Tim Young  
Councillor Beverley Oxford  
Councillor Colin Sykes

### 42. Items requested by members of the Panel and other Members

Mr. Robert Judd took the opportunity to inform Panel members that the Portfolio Holder for Communities had requested an extra item to be reviewed at meeting on the 15 December. The item was the Policy for establishing a hierarchy for highway verge maintenance. Mr. Judd said the request came after the publication of the agenda for the meeting on 23 November 2010, hence the notification at this meeting.

**Councillor Julie Young (in respect of her membership of Essex County Council) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

**Councillor Colin Sykes (in respect of his membership of Stanway Parish Council and the Colchester Association of Local Councils ) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (3)**

**Councillor Dennis Willetts (in respect of his spouse's membership of Eight Ash Green Parish Council) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

### 43. Referred items under the Call in Procedure COM-009-10 Revenue Grants to

## **Town and Parish Councils 2011/12**

The panel were asked to consider the decision COM-009-10 Revenue Grants to Town and Parish Councils 2011/12, taken by Councillor Tina Dopson, Portfolio Holder for Communities on 9 November 2010.

The decision was called-in by Councillor Bentley, supported by four other Councillors, for the following reasons:

- i) Due weight has not been given to the material consideration that this decision selectively penalises and discriminates between taxpayers in those areas with elected Parish or Town Councils, and Taxpayers in the rest of the Borough. It exacerbates double taxation in regard to those services provided by Parish and Town Councils, which in other areas of the Borough are provided from council tax paid to the Council by all taxpayers. Historically, the Parish and Town Council Revenue Support Grant was introduced to mitigate the effect of this double taxation on those areas of the Borough with Parish and Town Councils, which provide certain services that elsewhere in the Borough are the responsibility of the Council. The decision fails to provide an analysis of the extent to which the double taxation relief is undermined. The decision is therefore discriminatory and defective.
- ii) The decision has not taken into account all the options available. It has not explained the inter-action of this reduction in expenditure in regard to the financial model of the Street Services FSR, where overlapping services provided by the Council and by Parishes will be under the control of the same Council's Street Services zone.

### **Have Your Say**

Mr. Marcus Harrington addressed the Panel, explaining he was speaking on behalf of two parishes, West Bergholt, as a resident and Eight Ash Green, as a former resident. Mr. Harrington said he believed the proposed cut in the Town and Parish Council Grant was unacceptable. Mr. Harrington said where residents lived in areas that have a Town or Parish Council the Council grant goes some way to balancing their precept, helping to reduce the level of double taxation to residents. Mr. Harrington said that over half of the residents of Colchester are affected by this decision, paying additional tax to those not living in a Town or Parish Council area, whereas the acknowledged cuts that need to be made should be met equally amongst all residents of Colchester. The decision he believed was flawed and urged the Panel to refer the decision back to the Portfolio Holder for further consideration.

Mr. Gili-Ross, representing the Colchester Association of Local Councils, addressed the Panel, saying he appreciated that the Council had to make cuts in all budgets, but to cut the grant to Town and Parish Council's by 50% was not right. Residents living in the areas of Town and Parish Councils pay a double taxation, but to make these Councils have to cut back on services they provide at a lower cost than can be provided by Colchester again, did not seem right.

In response to Councillor Manning, Mr Gili-Ross said for some Parish Councils this grant was their only form of income, for others this grant supplemented their precept

charge to residents. The precept can be increased to cover the cost of increased charges.

Mr. Abnett, Chairman of Fordham Parish Council addressed the Panel and took the opportunity to endorse what had been said by the previous speakers. Mr. Abnett said the proposed cut in Parish Grant is totally disproportionate in comparison to cuts by the Council. Many of the services provided by the Parishes are discretionary, for example maintenance and grass cutting, and this grant cut will mean these services being drastically reduced or stopped. In conclusion, Mr. Abnett believed the cut was grossly unfair, would have a detrimental impact on rural communities and would for some, force an increase in the precept.

Mr Patrick Mills, representing Myland Parish Council, said the Parish was opposed to this decision. He understood the generosity of the Council in providing this grant, but in cutting the amount so drastically the Council was forgetting that the Parishes operate on a shoestring. Myland Parish Council's grant was already smaller than it should be and coupled with this further reduction, the cut was totally unfair. Mr. Mills concluded by saying that with the Parishes needing to operate on a shoestring, and unlike their Colchester Borough Council counterparts, Parish Councillors do not receive an allowance for their voluntary work, so perhaps the Council could consider allowance payments for Parish Councillors.

### **Presentation of the call in**

Councillor Kevin Bentley addressed the panel to explain the reasons for the call-in.

Councillor Bentley said the previous speakers had highlighted the general discontentment felt by the Colchester Association of Local Councils and the Parish Councils, who feel they are the poor relations to the Borough Council, even though they represent 60% of all the residents in the Borough.

Councillor Bentley said the Town and Parish Councils play a vital part in the lives and services provided in the rural communities. The costs associated with the upkeep of play equipment were an example of an important service provided by the Parishes but that could be provided by the Borough Council. It was acknowledged that the Borough Council will need to make cuts to services, but Councillor Bentley believed any additional tax should be shouldered by all residents equally. Councillor Bentley felt the manner in which the cut was being made was wrong, that it would be fairer to take a much smaller cut year on year for a four year period rather than a 50% cut in one year.

Councillor Bentley said in areas where there is a Town or Parish Council, residents pay the normal Council Tax payment plus a precept of approximately £5 - £12 per annum. The precept, along with the Council's grant pays for all the vital services provided for within this annual payment, services such as the upkeep of playground equipment, litter picking, grass cutting and support with flooding issues, work and services that are provided as a matter of course for residents living in Colchester.

Councillor Bentley questioned whether the changes as a result of the Street Services Fundamental Services Review had been factored into this decision, he was not sure

they had. In conclusion, Councillor Bentley said the cut of 50% was totally wrong and should be in line with the cuts that are being imposed by the Government on local authorities. He understood the need for cuts but asked the Cabinet to reconsider this decision and allow the parish grant to be cut on a fairer basis and over a longer period of time.

### **Portfolio Holder response**

Councillor Tina Dopson, Portfolio Holder for Communities addressed the panel responding to Councillor Bentley and the previous speakers.

Councillor Dopson clarified that the real cuts to the Council's budget will represent 13% of the overall budget, not the 7.25% claimed. Councillor Dopson said the grant was a historic payment, not bound by statute, and does not seek to compensate Town and Parish Councils. Colchester was not the only Council seeking to reduce or stop these grants, a discretionary payment, but it was regrettable. The reality is the times for giving these grants had changed. In overall terms, the grant cut would mean an average cut of 8% on the total of the precept and grant, less than the Council's anticipated 13% Budget cut.

Councillor Dopson spoke about Colchester's consultation with the Town and Parish Councils. The consultation commenced in June of 2010 and the Council did not shy away from explaining that a tough decision would have to be made in terms of the level of grant given, with the letter to the Town and Parishes warning of a significant reduction or cessation of the grant. This resulted in meaningful discussions, and allowed them time to consider mitigation against this level of reduction in grant.

It was explained that the total level of grant is currently £202,000, a sum of money that is given to the Town and Parish Councils without conditions, is not monitored and with no stipulation on how the money is spent. Councillor Dopson said she believed the public would be very surprised by this. The grant of £202,000 had been frozen since 2008 (a year on year increase prior to 2008) and the decision on the level of grants to be paid had never been called in until it was cut. Councillor Dopson said the Town and Parish Councils acknowledge they have some reserves that can supplement their grant.

As part of the Consultation the Town and Parish Councils had been offered the opportunity to change the manner in which the grant is distributed to each Council, for example, a bidding process, and the results were deliberately analysed and fed back to the Councils in quick time, by October 2010, to enable them time to forward plan. Councillor Dopson said the Council will be making some tough decisions and services will be cut, the Town and Parish Councils will need to go through the same exercise.

With regards to the Fundamental Services Review Councillor Dopson said the Parish Councils are very keen to participate but we will not know the outcomes of the changes until they have time to bed-in. This review did not need to be considered at this time.

Councillor Dopson concluded by saying the Town and Parish Councils will be able to cover the cost of providing vital services by increasing the precept and asked the Panel

to support the decision to reduce the Town and Parish grant by 50%.

### **Have Your Say – Ward Councillors**

Councillor Elizabeth Blundell, a Parish Councillor for twenty seven years, the longest serving Parish Councillor on the Council addressed the Panel and explained the history of Parish Councils and how the payment of Parish grants came about and how it provided vital funds to aid deprivation, poverty and homelessness. Now, a common major expense for the Parishes was the upkeep of the village / community hall, a place for local people to gather for a variety of events, and to help provide other vital services. Parish Councils and Parish Councillors are very dedicated, providing value for money, one of the biggest voluntary groups in the Borough. The proposed grant cuts are excessive and Councillor Blundell urged the Portfolio Holder to reconsider the decision.

Councillor Terry Sutton addressed the Panel, saying it was not until he started to represent the Pyefleet Ward was he aware of the extent of the work undertaken by the Parish Council. With this grant being the only form of grant given to the Parishes Councillor Sutton said the cut of 50% was too great. Given that the work by parish representatives was voluntary Councillor Sutton was sceptical that they had the resource to undertake some of the ideas suggested within the consultation, e.g. producing local service agreements, as entered into between the Council and Council funded partners. Councillor Sutton said he was suggesting there should be no cut in the grant, but the cut needed to be balanced, not so severe. This level of cut gave a message that the Council wished to stop funding Town and Parish Councils.

Councillor Colin Sykes addressed the Panel saying the Town and Parish Grant helped support the revenue support funding. The Portfolio Holder had said the Town and Parish Councils had the opportunity through the recent consultation to agree to bid for revenue funding, but the parishes did not see a bidding process for revenue funding as appropriate. Councillor Sykes said the parish grant helped towards keeping the precept, part of a double taxation for households, at a reasonable level, but believed there had to be a more equitable system for determining the increase in the overall Council Tax paid by all households in the Borough. The Council will retain Council Tax at this year's level, with no increase, whereas the parish councils do have the freedom to increase their precept or reduce the level of services provided. That said the Cabinet are aware of what the parishes do independently to the Borough Council, and whilst Councillor Sykes had sympathy for the Council felt the cuts are greater than what one would consider reasonable in one year.

Councillor Andrew Ellis addressed the Panel saying that whatever the Portfolio Holder may think, the revenue support grant has been paid to parishes to offset the cost of the services provided by the parishes. Councillor Ellis accepted that cuts needed to be made, but felt it was a case of sharing the pain. The 50% cut was disproportionate, imposed in a draconian manner, too much too soon. Councillor Ellis concluded by saying he was not aware that the Council had made any offer to pick up the delivery of essential services provided by the parishes, so unfairly, the parishes will need to increase their precept to ensure the same service delivery.

Councillor Paul Smith addressed the Panel saying the cut in the grant would represent an increase in Council Tax Payments by an average of three farthings per day. Councillor Smith said the income to be received by the Borough Council is to be cut by 13%, but this cut in grant will mean the Town and Parish Councils total income will fall by 8.8%, therefore, if there was to be an equitable system in place, it would mean the grant had not been cut enough. Councillor Smith said Tiptree was the only parish featuring in the Office of National Statistics deprivation indices (Councillor Dopson later clarified to Councillor Lissimore that whilst this was true, it was also accepted that there are many pockets, super output areas or just single roads of deprived areas in the rural wards). Councillor Smith urged the parish councils to move into the modern era of having to compete for funds as is done by the voluntary sector. The reality of the situation was the Council has lost £2 million in grant during this financial year, but the Council was not asking for a claw-back from funded organisations like the parish councils, but was operating a budget deficit. As it had been confirmed at Tuesday evening's meeting by the Audit Commission, the Council will need to make some very difficult decisions. Councillor Smith concluded by asking the parishes to bear the pain, but welcomed dialogue with them in future years to determine a fairer basis of funding.

### **Discussions and summaries**

Councillor Dopson confirmed to Councillor Willetts that she believed regardless of the bureaucracy of local government, the average tax payer saw a standard level of service provided for the overall Council Tax paid. Most residents do distinguish between the work of the Parish Council and Borough Council, but their overriding wish is to have all the services provided, regardless of by whom, to a good standard and on time.

Councillor Lissimore still believed the cut in grant was disproportional to the level of cuts being felt by the Borough Council. In respect of litter picking in the rural areas following the implementation of Street Services zone working, Councillor Dopson said this would be a significant change and would need time to bed-in. At this point officers will discuss with the Portfolio Holder the impact of the change and what action is necessary. Councillor Dopson confirmed to Councillor Willetts that the Street Services fundamental services review was outside the scope of the review to Town and Parish grants.

Councillor Dopson said the Cabinet is unanimous in its support of the decision to cut the grant by 50%.

Councillor Dopson reconfirmed that the consultation process did allow for dialogue between the Borough Council and the Town and Parish Councils in respect of different options on the distribution of grants, including service level agreements, as entered into with the voluntary sector organisations, but no indication was given to change the current arrangements.

Councillor Young said she supported the decision to cut the Town and Parish grant. We lived in a world where tough decisions have to be taken, about choices. Councillor Young said if this grant was not cut, what else would need to be cut. Councillor Dopson agreed that it was about choices, prioritising decisions. There was no statutory obligation to provide this grant, but it had been automatically provided for many years.

This was not a rushed decision, that the consultation process had forewarned the Town and Parish Councils well in advance of the likelihood of significant cuts.

Councillor Dopson confirmed to Councillor Manning that this cut in grant would mean an average of 8.8% cut in the overall net budgets of the parish councils.

Councillor Bentley gave a brief summary of his position following the debate, congratulating Councillor Dopson on her coherent defence of the decision taken. Councillor Bentley concluded by saying the inevitable action culminating from this decision will be a cut in the service provided by the parishes or an increase in the precept. Councillor Bentley asked the Portfolio Holder to reconsider this decision, to provide a more sensible cut in the grant.

Councillor Dopson gave a brief summary of her position following the debate, saying the issue of double taxation was a choice for the parishes who did not have to be a Parish Council. A key role of the Cabinet and Portfolio Holders was to prioritise and allocate resources, making difficult choices along the way that many people will not like. Councillor Dopson concluded by saying that given the current economic climate hard decisions are being taken, and whilst she wished it could be different, it was a reality. Councillor Dopson urged members to support the decision.

Councillor Offen summarised by saying he had heard a lot of different views during these discussions but had heard no substantial reason why this grant reduction should not be made. As a percentage cut of the overall parish revenue, it was relatively small. Councillor Offen remained unmoved by the suggestion that the decision should be reconsidered and formally proposed that the decision should be confirmed and implemented with immediate effect. Councillor Frame seconded Councillor Offen's proposal.

Councillor Manning said Councillor Bentley was usually very persuasive and thorough when presenting cases subject to call-in, but felt in this instance it was a job half done. The call-in was mainly about the double taxation, but the precept was to pay for work at and above what the Borough Council provide. On this basis he did not think an overall increase of 8.8% on the precept alone was unrealistic. Councillor Dopson had put forward a convincing argument for cutting the parish grant and he supported the proposal to confirm the decision.

Councillor Chapman appreciated the problem for the parishes, in providing services in addition to what the Borough Council provides. Councillor Chapman believed that the decision to cut the parish grant would be confirmed, but asked that in the future, the Portfolio Holder meet with the Town and Parish Councils to discuss options to find a better way of funding e.g. the work undertaken by the parishes to upkeep play equipment needed to be examined.

Councillor Lissimore supported the comments of Councillor Chapman and appreciated the work by Councillor Dopson in respect of the consultation process undertaken this year. Councillor Lissimore urged the Portfolio Holder to discuss with the parishes the concerns over play area equipment especially in respect of the health and safety requirements.

*RESOLVED* that the Panel confirmed the decision which could be implemented with immediate effect (SEVEN voted FOR and THREE voted AGAINST).