

MAIDSTONE BOROUGH COUNCIL

MINUTES OF THE CORPORATE SERVICES AND COMMUNITIES JOINT OVERVIEW AND SCRUTINY COMMITTEE MEETING HELD ON TUESDAY 29 NOVEMBER 2011

PRESENT: Councillors Mrs Blackmore (Chairman), English, Field, FitzGerald, Mrs Gibson, Mrs Gooch, Hogg, D Mortimer, Paine, Paterson and Yates

ALSO PRESENT: Councillors Chittenden and Beerling

1. The Committee to consider whether all items on the agenda be web-cast.

Resolved: That all items be web-cast

2. Apologies.

Councillors Ash, Mrs Parvin, Mrs Stockell, de Wiggondene and Mrs Wilson sent their apologies.

3. Notification of Substitute Members.

Councillors Chittenden and Beerling substituted for Councillors English and Mrs Wilson respectively.

4. Notification of Visiting Members.

Councillor Burton, Councillor Hinder and Councillor Mrs Hinder were in attendance as Visiting Members with an interest in item 7, Parish Services Scheme.

5. Disclosure by Members and Officers:

The following Members declared an interest in item 7, Parish Service Scheme:

- Councillor Burton, Chairman of Langley Parish Council. He also made the Committee aware that he had attended Kent Association of Local Council area meetings but had not voted;
- Councillor Gibson, Member of Headcorn Parish council;
- Councillor Mortimer, Member of Tovil Parish Council. He also made the Committee aware that he had attended Kent Association of Local Council area meetings but had not voted;
- Councillor Mrs Gooch, Chairman of Barming Parish Council; and
- Councillor Wilson, Member of East Farleigh Parish Council.

6. To consider whether any items should be taken in private because of the possible disclosure of exempt information.

It was agreed that all items should be taken in public as proposed.

7. Parish Services Scheme

The Chairman began by welcoming to the meeting:

- Councillor John Wilson, Cabinet Member for Community and Leisure Services;
- Zena Cook, Director of Regeneration and Communities;
- Paul Riley, Head of Finance and Corporate Services;
- Ryan O'Connell, Corporate Projects and Overview and Scrutiny Manager;
- Neil Lawley, Chief Accountant at Tonbridge and Malling Borough Council;
- Frankie Gahal, Senior Account at Tonbridge and Malling Borough Council;
- John Perry, Chairman of Staplehurst Parish Council;
- Harry Rayner, Chairman of Wrotham Parish Council; and
- Geraldine Brown, Chairman of the Kent Association of Local Councils;

The Chairman also welcomed the members of the public seated in the Public Gallery which included representatives from Parish Councils.

The Committees were meeting jointly to fulfil their role in holding the executive to account as part of the decision making process on an issue that cut across the remit of both Overview and Scrutiny Committees. Councillor John Wilson, Cabinet Member for Community and Leisure Services was invited by the Chairman to give a brief overview of the Parish Services Scheme and the decision due to be taken by the executive in December which was 'to consider the outcome of the Concurrent Functions review and agree the new Parish Services Scheme'.

A Concurrent Function is a function that could be carried out by two or more local authorities and funding could be provided for those functions from one authority to another. The current scheme was a 'per capita' grant scheme with headings under which the grant was allocated. Parish Councils were obliged to tell the Council how much was paid under each heading and any under spend would be recovered the following year. Financial pressures meant that the Council had to review all services to ensure they provided value for money for all residents and taxpayers. The proposed scheme aimed to move away from grant funding to providing funding from service budgets for the services Parish councils were providing that the Council provided.

The Purpose of the decision was to provide a framework to work from and a basis for discussions with individual Parishes. These would take place primarily from January to March 2012 and then continue into a transitional year (2012/13). The Cabinet Member informed the Committee that the

2011-12 grant allowance would be paid in 2012-13 to allow for a transitional period.

Mr Lawley, Chief Accountant at Tonbridge and Malling Borough Council, was invited to give an overview of the Concurrent Functions Scheme in place at Tonbridge and Malling Borough Council to provide the Committee with an understanding of an alternative scheme.

Mr Lawley explained that the scheme in Tonbridge and Malling had been in place since the 1990s but had been subject to amendments since its implementation. The scheme covered 26 Parish councils and was administered on the basis of three main criteria:

1. A basic allowance of £2.13 received per head of population;
2. £19.72 per streetlight (but if it was adopted it was not the responsibility of the Parish Council or the Borough Council);
3. Cemeteries and churchyards which covered open and closed churchyards and cemeteries (calculated by the square feet and paid in line with the cost to the local authority to maintain the same area).

Prior to the present Government's comprehensive spending review the scheme had been uplifted annually in line with inflation. Following the spending review the same methodology had been applied to the scheme, which led to a 16% reduction that would mirror the reduction to Tonbridge and Malling Borough Council's revenue support grant.

Members questioned the proportion of Wrotham's income that was from a Concurrent Functions grant. Mr Rayner, Chairman of Wrotham Parish Council, explained that their income for the current year was £53,000 and £42,500 of that was Concurrent Functions grant. He informed Members that this year was an exceptional example as the monies received were an outstanding amount from a bid the Parish has secured for the Cricket Pavilion. He told the Committee that in 12 months time it was likely that Wrotham's income would be between considerably lower without the capital payment and no added Concurrent Functions grant. Mr Lawley explained that the specific bidding system in Tonbridge and Malling where the Cricket Pavilion payment had come from had been replaced with a Loan system known as the Works Project Grant Scheme for Capital Projects.

In response to Members' questions on other sources of funding available to Parish Councils, Mr Lawley explained that there were discretionary payments that could be made via a loan scheme, this was an area decided by Members.

The Committee questioned the information Parishes were required to provide in relation to the Tonbridge and Malling Scheme. Mr Lawley explained that Parish Councils were required to provide an annual update on changes to streetlights and he also confirmed that grant allocation for cemeteries and churchyards was based on the unit cost for Tonbridge and Malling to carry out the same duties.

Mr Rayner reported his experiences as a Parish councillor within Tonbridge and Malling to the Committee. He informed Members that changes had originally been made to the scheme in 1992 or 1993 that had made the scheme more equitable and had stood the test of time. He explained that this had been achieved with the involvement of an organisation that was now known as 'Partnership for Parish Councils'. The Committee was informed that Parishes had sought the changes to make Concurrent Functions in Tonbridge and Malling more equitable between Parishes. He highlighted anomalies that would have influenced the changes such as Hadlow Parish Council having an extensive burial ground, which under their current scheme would be funded on the basis of the unit cost by square metre to maintain the ground.

Members sought to compare Tonbridge and Malling's scheme with Maidstone's proposed scheme. It was felt that MBC's focused on services provided whereas Tonbridge and Malling looked at a minimum provision based on the population of each Parish. Mr Lawley told the Committee he would hesitate in describing their scheme as 'straightforward' because it was based on 3 separate elements and in addition to this Parish Councils were required to complete an 'out turn statement' to confirm that all monies provided were used. He said the scheme worked well because it was transparent but if he was setting up a new scheme now there would be things he would do differently.

Members considered the administrative burden on Parishes as part of the Tonbridge and Malling scheme. It was explained that 20% of the Parishes allocation was for administration. He explained that this cost to Parishes was paid from the allocation scheme of £2.13 received per head of population at the beginning of the year.

The Committee considered the starting point for Maidstone's proposed new scheme. Councillor Wilson explained that the current scheme had cost Maidstone Borough Council £440,000 per annum, now £303,000. The Council felt that it needed to be reviewed and under the Parish Charter the Council consulted with all Parishes. Mr O'Connell informed Members that one of the principles as part of the review was to combat double taxation. He told the Committee that the starting point of the consultation process with Parish Councils had been a request to supply financial information and this had only recently been received back. Overall the scheme was based on the principle of Maidstone Borough Council providing services across the borough. It was explained that the information received from Parishes would be used to inform and amend the scheme which was described as a framework or template for discussions.

Members questioned how often the scheme would be revisited in the future and if it would be on an annual basis. The concern was that with 35 Parishes the balance of administration could be increased. Mr O'Connell explained that the new funding agreement would run for a 'period of time' and made reference to other MBC service plans that ran for a medium term of between three and five years. Some Members questioned how

the scheme would meet the needs of the Localism agenda. The Officer informed the Committee that the devolution of powers to Parishes was something that was to come and would bring with it further funding considerations such as funding from the Borough Council following additional services to Parishes. In response to questions on Localism Mr O'Connell told Members that the Open Up Public Services White Paper and the Localism Act encouraged local authorities to delegate services to the community. The current scheme did not provide a mechanism to do this, whereas the new scheme would provide a framework that could be used for this purpose, albeit with more comprehensive funding agreements required. The Committee were informed that MBC's response to Localism and the Bigger Society would be going to Cabinet in December.

The Committee discussed the criteria the scheme was based on and suggested that this was already met by the current scheme. The Officer explained that the new scheme was centred on value for money and set against the Council's Priorities for Maidstone.

Some Members highlighted that the existing scheme had been in place for over 40 years and had already been reviewed on at least three occasions by either Overview and Scrutiny or a Best Value Review and had remained unchanged. Members highlighted in particular the Customer Services and External Affairs Overview and Scrutiny Committee's report from 2003/04 entitled 'Support for Parish Councils' and the recommendations made (Appendix A) that had never been implemented.

Mr O'Connell told the Committee that it was correct that the recommendations, made by Overview and Scrutiny, had not been implemented previously and were coming into fruition with the proposed scheme.

The Medium Term Financial Strategy (MTFS) was considered and Members sought clarification on £80,000 set out for the scheme in 2014/15. It was explained that the £80,000 shown in the MTFS was a supplementary figure. Services provisions across the borough would lose money as a whole over time and it would be down to the individual service managers to resource Parish needs as part of the scheme. If there was a shortfall the £80,000 in 2014/15 could be used to assist. Any savings made would be reflected across the borough. It was emphasised that the MTFS considered Maidstone Borough as a whole and did not make a distinction between Parished and non-Parished areas. The budget and the new scheme were part of delivering an equitable service across the borough. The £80,000 was shown in the MTFS at a time when the existing Concurrent Functions Scheme would no longer be in existence.

Some Members raised the issue of Parish reserves and were interested to establish whether this had been considered in discussions with Parishes. This was a concern that there was a possible disproportion of wealth across the Parishes. Officers explained that some authorities did look at this and if MBC were to maintain a grant system this would be something that would be looked at. It was confirmed that this information had not been requested from Parishes to date. Officers explained that when services were delivered by an outside provider considering reserves would

not be the practice, the funding simply related to the cost of the service being provided. Some Members of the Committee suggested that hefty reserves could be redistributed to help poorer Parishes. Mrs Geraldine Brown, Chairman of KALC and Chairman of Yalding Parish Council, informed the Committee that there was likely to be a valid a reason for large reserve and she reiterated that the audit commission ensured that this area of Parish finance was monitored.

Mrs Brown addressed the Committee, focussing on Maidstone's current scheme. She praised its flexibility which she felt was important as Parishes priorities could change from year to year. She explained that these were different from MBC and varied from Parish to Parish. She highlighted the issue of 'greater controls on finance' but explained that with the current scheme Parishes had their accounts audited every year, and these were made public. Financially, Parks and Open Spaces were highlighted as the greatest spend on average, for Parished areas. Mrs Brown made reference to the recommendations made by Overview and Scrutiny which she felt there had been a delay in actioning, only being implemented as part of the proposed scheme. She told Members that the reduction in grant would burden Parishes and would damage the relationship between the Council and Parishes. With reference to Members' earlier questions on Parish council's reserves or capital, Mrs Brown informed the Committee that it was a requirement of the Audit Commission that 40% of the Parish precept was kept as a reserve.

John Perry, Chairman of Staplehurst Parish Council, was the next Parish representative to address the Committee. He thanked the Cabinet Member for the frank discussions that had already taken place with some Parishes. He felt that there were two issues to consider, the need for MBC to save money and whether or not there was a need to change the entire Concurrent Functions system to do this.

Mr Perry told the Committee that he was not against a service driven system but he felt that the current system worked well. He outlined his concerns which were the complexity of negotiating with 35 individual Parishes as well as the issue of double taxation. He felt that services could be more expensive in rural areas than urban areas making the issue of double taxation more complicated.

Mr Perry explained that he was not against the proposed Parish Services Scheme and informed the Committee that Staplehurst Parish Council had volunteered to be part of a pilot scheme. He felt, however, that the objectives of the new scheme could be achieved without such a significant change.

The Chairman summarised the discussion so far highlighting the simplicity and success that had been alluded to in relation to the current scheme. She questioned whether the scheme had been too generous and therefore a victim of its own success. Mr Perry responded to this by explaining that the grant did not cover all of a Parish's expenditure and that what came

under the current Concurrent Functions grant headings should have been revised.

Mrs Brown suggested alternative actions taken by other authorities in Kent in their funding arrangement with Parishes such as a reduction in Council Tax to allow for an increase in the Parish precept. Zena Cook, Director of Regeneration and Communities informed the Committee that there were no other areas in Kent who had reduced their Council Tax.

Members questioned whether all Parish councils had been consulted with. Mr O'Connell responded and explained that all Parishes would be consulted with and they would be going out to each Parish individually. A consultation had just finished and an event had been held in August 2011 that had included all Parishes.

Ms Cook, told Members that when MBC were seeking financial information it had to be for a specific purpose and in relation to the proposed Parish Services Scheme it was the 'spend' of Parishes that was of interest in designing the scheme. The Officer explained that balances were required by law to have a proportion earmarked for a future use. The amount for Maidstone Borough Council and Parishes would differ greatly. She explained that the audits for Parishes were simple audits based on the size of the organisation and for MBC and Kent County Council (KCC) there would be more detail involved. The Officer reassured Members that if there was an issue, this was publicly available information that Parishioners had access to. Parish representatives present confirmed that a Parish's financial information was made available to the public in its inclusion in Parish Magazines and this information would include balances.

Some Members of the Committee questioned the term 'elected bodies' when being applied to Parishes and considered how many Parishes were elected by the people. It was explained that Parishes did struggle for members and some had uncontested elections. Mr O'Connell informed the Committee that 32 of the 35 Parish Councils had had an uncontested elections but that these had followed the due election process.

Officers explained that they were still in consultation with Parishes and were seeking feedback on the new scheme. Ms Cook clarified MBC did not pay grants to anyone; these had been replaced with Service Level Agreements (SLAs). It was explained that MBC had specific outcomes that they wanted to achieve in how they commissioned and allocated district funding with a minimum level of administrative budget going forward.

In relation to the Tonbridge and Malling scheme, Ms Cook explained that there were similar indicators such as the cost per square metre applied to cemeteries that they would look to include Parishes in negotiations with contractors to achieve value for money.

The Chairman invited Parish Representatives seated in the public gallery to speak. Councillor Pepper from Boxley Parish Council told the Committee that the Parish Council was a link between councils and

Parishes and that he was proud of how the current arrangements worked. He felt that the structure of the new scheme was unreasonable and the approach taken had soured relations. He spoke of possible courses of actions that Parishes may be forced to take such as an increase in the precept of up to 60% if the new scheme was implemented. The Chairman asked for clarification on the actual amount electors would have to pay if there was an increase of 60%; this was an estimated £15 per year.

Next to address the Committee was Councillor Peter Coulling, Chairman of Teston Parish Council. Mr Coulling began by informing the Committee that a great deal of care was taken by Parishes in their financial audits.

He told the Committee that he felt there had been no consultation with Parishes on the principles of the scheme, only the detail.

David Marchant, Otham Parish Councillor informed the Committee that Parishes had always been clear on the total spend under the headings of the current scheme and asked that it was taken onboard how offended many people were by any suggestion that this was not the case.

Councillor Wilson clarified the process to date. He explained that the consultation had begun with three meetings that went well. Away forward had been identified with the KALC and the full response was read aloud as confirmation of this. The next stage of the process was the proposal of the new scheme and a request for comments. These, he said, never came. He told the Committee that the process had been halted with KALC due to the actions of the KALC review team.

Members agreed that a framework for the scheme was fundamental to the way forward but questioned how they could move forward without agreement. They asked Officers whether an adjustment of the existing scheme had been considered. Officers informed the Committee that a grant system had been looked at and refining the list of function with a similar methodology as the one described by Tonbridge and Malling but that ultimately they would have been faced with providing Concurrent Functions without funding.

Mr O'Connell informed Members that he had requested the financial information showing Parishes' spend under each heading in February 2011 and this had not been received until August. Since then they had begun working with Parishes directly. It had been agreed that there would be an extension to the scheme with a transitional year but Officers still hoped to work with Parishes on improving the services provided.

Members sought clarification on the progress that was being made. Some Members felt that if there was more time allowed for the consultation process the Committee could make recommendations. The Chairman suggested an extension of three months to the decision that was due to be made by the Cabinet Member in December.

Ms Cook explained that the current position of the Council was that the period of consultation with Parishes had ended on Friday 25 November.

The Council would continue to have dialogue with Parishes and would be considering their consultation responses. She clarified that the decision being considered was the funding and service framework as detailed on the forward plan. The principle of the scheme was in line with the Borough Council's priorities and would give greater financial transparency. The Officer made it clear that as had been pointed out by Parishes this right had not been exercised with the current scheme, as it could have been.

Members felt that a better approach would have been to start with a framework and filled in the detail later. They concluded that there was a need for better 'housekeeping' in relation to Parishes financial matters by the Borough Council. The Committee were recommended, in the Scrutiny Officer's covering report, to consider whether the proposed new scheme was 'fit for purpose'.

Members referred to the prioritising exercise that had been carried out across all service areas by Cabinet. This task had looked at the borough as a whole and services had been ranked in priority order in line with the Council's priorities. Some Members sought clarification on additional funding allocated to non-Parished areas. Ms Cook explained that there were no separate allocations for non-Parished areas in the borough, the borough was viewed as a whole.

Members discussed the possibility of reconvening in three months time. Ms Cook informed Members that Councillor Wilson was intending to take all the consultation responses into account as part of his decision.

Some Members felt that there was a need to have a different scheme and what had been proposed simply required some refinement. Working on the current system was something that could not be afforded and would therefore fail. Some of the Committee voiced a need for Parishes to look at making savings in the way their services were delivered.

The Committee felt that an extension to the decision deadline would be beneficial for all. Officers could return in the New Year, once the consultation responses had been evaluated and the Committee would reconvene to make an informed decision on the proposed scheme with revisions.

Mr Riley told the Committee that the budget was not definite until full Council and with the transitional year agreed in principle by Councillor Wilson there was a further £100,000 to find in the MTFS.

He informed Members that Cabinet's decisions on the budget would go to Corporate Services Overview and Scrutiny on 10th January. Members felt that it was important the Joint Committee met again to discuss the proposed scheme before a final decision was made.

It was recommended that:

- a) That the decision on the Parish Services scheme should be delayed to allow for further consultation with Parishes;
- b) The Cabinet Member for Community and Leisure Services and the Corporate Projects and Overview and Scrutiny Manager should continue their engagement and consultation with individual Parishes in order to develop the proposed Parish Services scheme; and
- c) The Corporate Services and Communities Joint Overview and Scrutiny Committee should meet to consider the revised Parish Services Scheme once the responses from the consultation with Parish Councils which ended on 25 November 2011 have been considered by the Cabinet Member for Community and Leisure Services. The Committee wish to reconvene on 10 January 2012.