

# Report to the Finance, Resources & Partnerships Scrutiny Committee

17<sup>th</sup> June 2014

## Parish/Town Councils - Review of Concurrent Funding



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### Introduction

To present to the Committee proposals for a review of the existing funding arrangements dedicated to parish/town council concurrent functions. This item was previously considered by Cabinet in February 2014, and the following was resolved by Cabinet:

“That Cabinet supports a review of existing arrangements for concurrent funding of parish/town councils and requests that the Transformation & Resources Overview and Scrutiny Committee undertake such a review in order to report back to Cabinet in time for implementation of a revised scheme for 2015/16.”

This report therefore sets out the background to this piece of work for consideration by the Finance, Resources and Partnerships Scrutiny Committee (the successor to the Transformation and Resources Overview and Scrutiny Committee) with a view to initiating the review referred to in the Cabinet resolution above.

### Background

Concurrent functions are services which can be carried out by the Borough Council but are also within the statutory remit of a parish or town council. The services are discretionary and there is – at present – no comprehensive and definitive list of such services. Having said that, the National Association of Local Councils (NALC) have provided a list of such services, including:

- Open space and recreation grounds/facilities;
- Burial grounds;
- Bus shelters;
- Public conveniences;
- Litter collection;
- Non statutory street lighting

To avoid 'double taxation' (where a service which could be provided by either the Borough Council or a parish/town council is financed from the parish precept in a parished area and by the Borough Council in non-parished areas with no corresponding reduction in Council Tax for the parished areas) the Borough Council provides an scheme of whereby a grant is provided to parish/town councils in the borough (based on the size of the tax base for each parish/town council area) for use by these councils against concurrent function expenditure (currently this budget for 2014/15 is in the region of £62,000).

Section 136 of the Local Government Act 1972 allows principal local authorities to pay grants to parish/town councils in respect of concurrent functions. Given the financial pressures on the Borough Council, Cabinet agreed in February 2014 that a review of the existing grant provision for concurrent functions should be undertaken and asked that this Scrutiny Committee carry out that review.

In relation to the Cabinet resolution, it is proposed that the review is undertaken during the 2014/15 financial year and implemented in time for the 2015/16 financial year. This will allow for the maximum possible consultation time with parish/town councils and also allows NULBC Members and officers an opportunity to examine all aspects of how the current system works in practice.

This item is therefore being presented to Finance, Resources & Partnerships Scrutiny Committee at the earliest opportunity in the 2014/15 financial year.

To assist with collecting the necessary evidence need to underpin the review process, a number of key areas need to be addressed:

- Which concurrent functions are delivered by both NULBC and town/parish councils;
- How these services are currently funded;
- An analysis of existing parish/town council spend under the heading of concurrent functions;
- A review of the size of the existing NULBC budget for concurrent functions;

The review could also focus on a number of key questions:

- The possible options available for dealing with the future funding of concurrent functions (see point below relating to the NALC publication);
- The potential for introducing additional controls into the process whereby parish/town councils report their concurrent functions spending to the Borough Council (including whether some functions are, in future, to be determined as not 'concurrent');
- The required levels of funding needed for future continued delivery of these concurrent functions;
- Any other questions relevant to the issue, e.g. the level of service provided by parish/town councils compared to the same services delivered in non parished areas by the Borough Council

These lists are not meant to be exhaustive and Members may wish to include other areas as part of the review process.

In conducting a review, guidance from the NALC emphasises a number of key considerations, including:

- The review needs to build, if possible, on existing partnership working arrangements between NULBC and parish/town councils local councils sector e.g. through the existing borough Town and Parish Councils Partnership Forum. It may be, therefore, that members of this Scrutiny Committee liaise with the Forum in order to set up a working group to progress and report back on the review to the wider Scrutiny Committee
- It is important that such a working group produces proposals which are based on evidence (see above) and this could be achieved via a survey of town/parish councils in the borough
- The working group/review needs to identify potential options for future funding and be in a position to consult with parish/town councils on any such proposals
- Some consideration should also be made around implementation and how this will work in terms of introducing a funding approach – any such arrangement could be covered by a charter between the town/parish councils and NULBC

In order to assist with the review, the National Association of Local Councils (NALC) produced a document in 2011 entitled *Managing Double Taxation – A guide for local (town and parish) councils and principal local authorities*. This document offered, for example, an analysis of the options available to NULBC in terms of future funding of concurrent functions (see bullet point above relating to options open around future funding). In addition, there are a range of other examples of the way in which comparable district/borough councils have dealt with this issue (some of which are included in the NALC publication referred to above), such as:

- Funding delegation – whereby NULBC sets up a delegation scheme and town/parish councils can put forward a business case to manage or deliver services via a contract or a service-level agreement
- Special expenses – NULBC can deliver services to only parts of its area and therefore remove these activities from general expenses and only charges special expenses in areas where it is delivering services (usually unparished areas)
- Grant schemes – effectively, this is the approach currently adopted by NULBC (although this can, obviously, be changed in terms of how it works, so that some district/borough areas only fund part of the concurrent function being delivered)
- Help in-kind – as it suggests, this is where councils such as NULBC can provide help in ways other than purely financial
- Do nothing – meaning that the issue is too complex to resolve or the sums involved are judged to be too small to justify a review or change in process

Each of these options has advantages and disadvantages and it is recommended that the review addresses these in more detail before developing a proposal.

It is suggested that the review proposals are considered by this Scrutiny Committee in November/December 2014.

### **Questions to be Addressed**

- What is the best way to organise this review (e.g. should it be in conjunction with the Town/Parish Councils Forum and should a working group be established from members of this Scrutiny Committee)?
- Which concurrent functions are delivered by both NULBC and town/parish councils?
- How are these concurrent services funded currently?
- What is the existing parish/town council spend under the heading of concurrent functions?
- What future funding option should be chosen for this area of work and how would this be implemented?
- How will the situation be monitored in the future?
- What is the long-term solution to deal with this issue?

### **Outcomes**

- To understand the up to date picture with regard to concurrent funding of town/parish councils
- To develop proposals around the future arrangements for concurrent funding of town/parish councils in the borough – to be reported by to this Scrutiny Committee in November/December 2014
- To develop an approach to implementing any new arrangements for funding concurrent functions in the borough

### **Supporting Information**

- *Managing Double Taxation – A guide for local (town and parish) councils and principal local authorities* (NALC, 2011)

### **Invited Partners/Stakeholders/Residents**

Representatives from town/parish councils in the borough of Newcastle under Lyme  
Staffordshire Parish Councils Association

## **Constraints**

- Provision of information from town/parish councils
- Time constraints – proposals should ideally be in place by the end of 2014 in order to feed into the 2015/16 budget process
- Information on what constitutes a ‘concurrent function’ from a legislative standpoint is not available

## **Conclusions**

This note outlines the potential areas of focus for a review of concurrent funding of parish/town councils in the borough by NULBC

It is envisaged that this review will take place between June and November 2014.

The focus of the review is likely to be on the scope of services covered by any funding provided by NULBC and also the level of this funding, together with proposals around the future mechanisms for providing funding.

It is envisaged that the review will be carried out in conjunction with parish/town councils in the borough, so that the necessary information is available to the review.

## **Relevant Portfolio Holder(s)**

Cllr Mike Stubbs – Communication, Policy and Partnerships

## **Local Ward Member (if applicable)**

N/A

## **Background Materials**

See ‘supporting information’

## **Appendices**

None