

**Working together through financial difficulties meeting - Shropshire Council and town and parish councils led by Cllr Malcolm Pate, Cllr Cecilia Motley and Clive Wright  
10<sup>th</sup> February 2016**

**Summary of discussions and actions**

**Context**

On 27th January 2016 Shropshire Council (SC) announced its 3 year Financial Strategy covering the period 2016 -2019.

In the report the detail of the budget years 2017/18 and 2018/19 were for noting only. However in order to achieve a balanced budget and should alternative funding streams not be found by the council, then the impact of a worst case scenario was highlighted within the report. This scenario included a range of service areas having their budgets reduced to nil. SC is now currently looking to work with partners to see how the funding gap for the operation of these services can be closed.

The purpose of this meeting was for SC to come together with town and parish councils (T&PCs) so that it could explain the financial challenge the council faces and to explore together the opportunities that exist for funds to operate these services in the future to be generated, for example through town and parish councils generating additional income.

**Summary of discussions – in themes**

**What is the plan for business rates to replace the council's Revenue Support Grant?**

SC currently keep 50% of business rates and central government has a plan for councils to be able to retain 100% in the future to replace the Revenue Support Grant. However, there is still no detail of this from the Government. This is likely to be not such a good deal for SC as a rural council with lower numbers of businesses that are eligible to pay rates. There is some thinking that SC could use capital to invest in encouraging start-up businesses, which would then grow and contribute to the business rates total. Further thinking of the policy by central government suggests that it seems likely that councils would not actually retain 100% of their rates and that some kind of redistribution would be needed. SC would not do well with this approach to generating income as it has a lower level of larger businesses and higher levels of social care needs.

**Will Shropshire Council be using its reserves to close its funding gap?**

SC has 15m in un-ringfenced reserves and more in ringfenced reserves. There will be review of the reserves to investigate whether there is the ability for a share of them to be used to help the council's transition to 2019/20. The use of reserves may be encouraged by central government.

**The importance of maintaining accessible and affordable rural transport**

It was agreed that the cost to SC of providing rural transport should be identified so that local councils can understand this along with what the potential impact of savings to the bus subsidy budget could be.

N.B. These costs are not shown in the attached spreadsheet of locality costs, but we will endeavour to identify them at a locality level and share them.

**The provision of Environmental Maintenance Grants in 2016/17**

It was confirmed that the town and parish councils currently receiving EMGs had been contacted to ask if they would like to apply for the grant again in 2016/17.

### **Town and parish councils need to know the costs of the local services delivered in their areas and also what the impact on their precept would be if they had to raise it enough to cover the cost of these services**

It was confirmed that the spreadsheet showing some of the costs of locally delivered services that was shared at the meeting would continue to be worked up and shared with the notes of the meeting. However, this would be a 'starter for 10' and more detail of local spend could be identified as further conversations take place between SC and town and parish councils.

### **Opportunity for Shropshire Council to hold a referendum to seek permission to raise council tax by more than 1.99%**

MP confirmed that despite the relatively high levels of respondents to the Big Conversation saying that they supported Council Tax being increased, he did not think that a referendum would result in a yes vote for raising council tax higher than the 1.99% that is currently allowed without a referendum. CW stressed that central government has been asked to take away the cap on council tax.

### **A share of the Council Tax Support Grant being passed on to town and parish councils**

It was asked if there was any possibility of the T&PCs receiving a share of the Council Tax Support Grant. MP confirmed that this would not be possible.

### **Clustering of town and parish councils to work collaboratively to deliver services**

It was asked if SC can support the larger town councils to work more corroboratively with their surrounding parish councils. MP confirmed that it would, but also that this could be a role for SALC to deliver.

### **Role of SALC and the Area Committees**

#### **The need for increased capacity of town and parish council clerks to deal with new responsibilities**

The Chairman of SALC confirmed its commitment to supporting this agenda and supporting T&PCs to be part of it. He also stressed that there was an opportunity for T&PCs to work more closely with the voluntary and community sector.

The County Secretary stressed the support that SALC gives to the sector to increase professionalism. To enable parish councils to have the General Power of Competence, their clerks must be professionally qualified and 3/4 of the councillors must be elected. SALC is always open to ideas and new ways of working together.

The SALC Central Area meeting is in March and this will be an opportunity to talk further about this.

#### **The timeline for redesigning local services**

It was confirmed that it is the financial year of 2017/18 that is proving very challenging for SC to show that it is able to continue to deliver local services. Therefore we have the coming year to design new ways of supporting these services.

#### **Using an invest to save approach as part of the transfer of assets**

It was asked if there was any possibility of SC using capital to invest in its buildings to reduce their running costs and make them for affordable for alternative management in the future.

MP confirmed that SC very open to any innovative ideas - including using capital in different ways. SC can borrow money at low rates and use it for projects with robust business plans as long as it can be sure that there is a return on the investment.

### The structure and resources that will be available to support Shropshire Council and town and parish councils working together

The meeting was reminded that the Local Joint Committees can be used to commission local services. The Community Enablement Officers are seen as the link between SC and T&PCs. CW confirmed that he is able to come to speak at LJsCs or Area Committees to continue these conversations.

### Communication

It was stressed that T&PCs would like SC to effectively communicate to Shropshire residents the conversations it is having with T&PCs about the future delivery of local services. It will be very important for communities to be well informed about what needs to be done and how we are planning to do it

### ACTIONS

	ACTION	BY WHEN
1	Send out electronic version of the spreadsheet showing the cost of locally delivered services	As soon as possible after the meeting when it has been updated
2	Send out summary notes and actions of this meeting	ASAP after the meeting
3	SC to work with SALC to co-ordinate bringing the councils together for further conversations. The SC liaison officers will work with the SALC County Secretary on this.	A proposal can be taken to the next SALC Executive Committee meeting
4*	SC officers will continue these conversations with town and parish councils – ideally as part of clusters such as LJsCs or Area Committees	Meetings can start to be organised following this meeting
5	More work is needed on identifying the costs of locally delivered services for 2017/18 so that TPCs can make decisions on precepts for 2017/18	The first iteration of the costs spreadsheet will be sent out following this meeting and it will continue to be worked up with more detail. Information specific to parishes will be created as requested
6	MP, CM and CW to meet with the T&PCs again in a few months' time	

\*It is proposed that the framework for these conversations will be -

- Establishing a shared understanding of what is delivered locally in these areas and the current cost of this.
- Thinking about how the 2016/17 Environmental Maintenance Grants could be used to maximum effect to prepare for a future, where there they will not be available.
- Starting to plan for the opportunities that will be created for the local delivery of environmental maintenance services when the Ringway contract ends in 2018.
- Understanding the potential for transferring open and amenity space currently managed by and maintained by Shropshire Council.
- Scoping the opportunities for the clustering of town and parish councils to collaboratively fund services that are based in a town but serve the population of the surrounding areas.

- Scoping the opportunities for the clustering of town and parish councils that enables a larger council to facilitate the delivery of services within neighbouring smaller councils
- Scoping the opportunities for place based cross-organisational partnerships to support the future delivery of local services and assets.
- Creating clarity on how all of the councils, including SC, can be supported by SALC to continue to build the capacity and confidence that will enable them to be actively involved in this work.

ENDS