

AD HOC SCRUTINY PANEL
NEIGHBOURHOOD RENEWAL FUND

PANEL MEMBERS

Councillor Andrew Palfreeman (in the Chair).
Councillor David Ridgway.

OFFICER SUPPORT

Marina Turner - Deputy Chief Executive.

COMMITTEE SERVICES SUPPORT

John Quarmby.

DATES OF MEETINGS

7th November 2001.
13th November 2001.
19th November 2001.
20th November 2001.
22nd November 2001.
6th December (*to amend and approve the draft report*)

TERMS OF REFERENCE.

1. To review Government Guidelines on the distribution of Neighbourhood Renewal Funding.
2. To determine whether Officers of the Council correctly interpreted those Guidelines.
3. To determine whether the decisions made for the distribution of the Funding accorded with those Guidelines.
4. To consider and determine whether the specific allegations made in referrals to Scrutiny can be established.
5. To review the Funding process generally and make such observations to Council as the Panel shall think fit.

INTRODUCTION

Issues concerning the allocation of funds available to the Council under the Government sponsored Neighbourhood Renewal Fund were raised by Elected Members at the Council meeting on 31st October 2001.

On 6th November 2001 the Scrutiny Committee endorsed the creation of an Ad Hoc Panel under the Chairmanship of Councillor Andrew Palfreeman accompanied by Councillor David Ridgway. The Committee agreed that all meetings would be in private (and this was confirmed by the Panel on a meeting to meeting basis) and all witnesses were assured that their comments would be non-attributable.

The Panel first met on 7th November to scope the enquiry and held subsequent meetings, for total of twelve and a quarter hours, on 13th November, 19th November, 20th November, 22nd November and 6th December. The Panel interviewed a number of Council Officers and Elected Members as well as considering a large volume of documentary evidence supplied from Council Service files, Elected Members' records and independent sources researched by the Scrutiny Administrator.

Scrutiny received two referrals. One from Councillor Ken Smith (Deighton Ward) alleging that a senior Officer of the Council had gained the impression that an interim decision making panel had given insufficient consideration to the work of Officers on potential projects over preceding years: that the merits of projects for which NRF funding should be available were not fully considered: that the Officer was given the impression that his work was worthless to the extend that he was upset by the decision making process : and that the Leader of the Council, in the setting of a formal decision making panel made comments indicating that there was no point making a further application for funding in his Ward because, and I quote from the referral, *"that area has had enough money spent on it - or words to that effect"*.

The second referral came from Councillor Khizar Iqbal (Thornhill Ward) who alleged that the decisions as to the direction of funding contravened Government Guidelines and that areas that should have received funding would no longer do so due to the decisions of the Local Strategic Partnership and the Cabinet.

Councillor Iqbal asked the Panel to reverse the previous funding decisions and retain the funding in the three Wards with the highest levels of deprivation, namely Deighton, Dewsbury West and Thornhill.

The Panel specifically addressed the issues raised in the referrals and also sought to consider what other lessons could be learnt from the process adopted for the allocation of the Neighbourhood Renewal Fund.

BACKGROUND

Unlike SRB there was no bidding process for NRF. The Government determined those areas eligible for funding by using the *Index of Multiple Deprivation 2000*. This aggregates ward level data from a variety of sources into six district level groups that indicate different levels of deprivation. Any local authority that falls within the 50 most deprived areas in any of these measures is eligible for NRF.

Kirklees, as an authority, was rated 8th most deprived in the income measure and 19th most deprived in the employment measure. Accordingly it was one of eighty eight authorities eligible for part of the total NRF "pot" allocated by the Government.

It is important to note that Borough wide figures determined the eligibility for the funding. The statistics relating to the three key Wards of Deighton, Thornhill and Dewsbury West merely determined the level of the grant.

Having established that Kirklees is entitled to part of the fund, the Government had to determine exactly how much it received. This was based on a minimum allocation enhanced by an amount per head of population in those Kirklees wards that fell within the most deprived 10% of wards nationally. On the basis that Deighton, Thornhill and Dewsbury West fell within that definition, Kirklees was allocated just over £6.7m for the three years from 2001/2 to 2003/4.

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As with all like schemes, the Fund was surrounded by Government regulation. The original Government guidance ran to 127 pages.

For the purposes of the Panel the most important aspects of the guidance were that the funding was closely linked with the existence of a Local Strategic Partnership and that the original guidelines were unclear, uncertain and, very crucially, changed in March 2001.

Before March 2001 Kirklees Officers reasonably interpreted the guidelines as requiring the funding throughout the whole programme to be spent in the key Wards of Deighton, Dewsbury West and Thornhill.

Clarification that was sought from the Yorkshire and Humberside Government Office was itself unclear.

The Members for the three key Wards, not unreasonably, got the impression that their areas would alone benefit for the whole of the Fund's lifetime.

At the end of March 2001 further guidance was published by the Government which made it clear that Councils were NOT required to use the Fund in specific Wards but could promote measures anywhere in their area provided that other criteria were met.

As this was contrary to the then accepted view, Officers from the Corporate Development Unit, who were taking the lead in administering the Fund in Kirklees, organised separate meetings with the Members for the three key Wards.

The Panel have the written records of those meetings when Members were told that it was not a condition of the funding that all the money should be spent in their Wards.

On 24th April the three Ward members for Deighton, Councillors Ken Smith, Calvert and May attended a meeting when this was made clear to them. A similar meeting took place on 27th April when Councillors Beetham and Iqbal from Thornhill were given similar news. A meeting, for the same purpose for the Dewsbury West members was organised for 4th May but none of the three attended.

Whatever the subsequent arguments of members of the three key wards, the Panel is satisfied that, as from the end of April 2001, all were fully aware that the Government did not require the funding to be used inclusively in their Wards. The Panel noted, and it is only fair to record, that at both of the meetings held at the end of April, Members expressed their concern at this development.

The other important element of the funding is the requirement that it is linked with the Council's involvement in a Local Strategic Partnership. In short, Councils will not be able to draw their funding unless they are part of such a partnership. The Government, recognising that many Councils are in the process of creating partnerships, relaxed the requirement for year one as long as steps were being taken to form a partnership for year two. In year one the Council was seen as the "fund holding" body.

The Kirklees Partnership forms the basis of our Local Strategic Partnership and, although it will not be accredited at the Government Office until February next year at the latest, is sufficient to satisfy the requirements for the Neighbourhood Renewal Fund.

The Panel concluded that this lack of clarity in the guidelines was at the root of the confusion experienced by both Officers and Elected Members directly involved in the funding.

The Panel also concluded that Officers from the CDU gave the best advice possible to those directly involved and took all possible steps to amend that advice when more conclusive guidance became available.

As year one of the funding approached it was also unclear whether funding could be "rolled over" into year two. Again the guidance was unclear and it was feared that any unallocated funds would be lost. In the event it now appears that partial "roll over" is possible. It was this lack of clarity which led Officers to the conclusion that funds in year 1 should be distributed to the three Wards involved.

However the Panel did not consider it inappropriate for a decision to be taken at the time for all the year one funds to be allocated to the three key Wards rather than risk losing that year's funding.

Bearing in mind the then uncertainty of the rules for the allocation of subsequent year's funding and the reluctance of some Members to accept the position once the guidance was made clear, the Panel recognised that local expectations might have been raised and Members found themselves in an apparently invidious position. This undoubtedly accounts for some of the resentment that has manifested itself in the controversy that led to the Panel's review.

Although the conditions relating to the Local Strategic Partnership were relaxed in the first year (ie: the current year) it was decided that the Kirklees Partnership should be closely involved in the decisions for that year's allocation of the fund. Accordingly a joint decision making Panel was created comprising four members of the Executive of the Kirklees Partnership (representing the Police, the business sector, the voluntary sector and our Health partners), three members of the Cabinet (the Leader of the Council and Councillors Sheard and Simpson) and one member of each of the three key Wards. The Panel noted that this arrangement was endorsed by the Executive Briefing on 23rd May 2001.

At previous meetings of Council Members have been told that the decisions on the first year funding were not made by the Council, in the form of the Cabinet, but by the Kirklees Partnership.

The Panel was told, and acknowledged, the reasons why a joint Council/Partnership Panel should make the effective decisions but were still concerned to establish who, legally, was responsible for deciding the destination of the year one funding bearing in mind that the Government had relaxed the requirements for a Local Strategic Partnership and the fact that Kirklees had no accredited partnership.

The Panel questioned whether the Cabinet could legally delegate the decisions without the authority of full Council and asked whether the ratification by Cabinet was merely an authority to release funds or whether it was a final opportunity for the Council to refuse acceptance of a specific scheme.

None of the witnesses could provide an answer to this question although Members will recall that they have been told that all decisions were made by the Partnership and were not the responsibility of the Council's Executive.

The Panel received a copy of a letter from the Solicitor to the Council to the Leader of the Council dated 21st September 2001 in which the Solicitor says :

"It is clear that the decision lies with the Council but we have to consult. The present group of Cabinet and ward members, together with partner representatives constitutes the process of consultation and initial decision making, but this has to be confirmed by a formal decision within the Council's system.

I think the best way for that to be done is for the group's minutes to be included for approval on Cabinet agenda. Initially that will need to be done for all the meetings that have so far taken place and then at the meetings as they are held. That will make sure that everything is legally approved and effective."

The Panel noted the content of the letter and concluded that previous statements to the contrary were made in good faith and that, in effect, the Cabinet was confirming the decisions of the Joint Decision Making Panel in order to release the funds. However it does question whether, with hindsight, any delegated powers to the Joint Decision Making Panel were strictly within the remit of the Cabinet.

All applications for funding were submitted to an Officer Appraisal Panel which then made its recommendations to the Joint Decision Making Panel. The Scrutiny Panel was assured that this Appraisal Panel, which comprised Officers from all areas of the Kirklees Partnership, comprised experts in the various fields required by the Government's funding criteria. It was chaired by an Officer from Kirklees CDU.

The Scrutiny Panel sampled an instance of a project submitted to the Appraisal Panel and the subsequent report presented to the Joint Decision Making Panel.

The documents supplied for this particular project were weighty, the eventual paper presented to the Joint Decision Making Panel constituted one A4 sheet with the details of the project confined to a few lines.

Although this could only be a "snap shot" of one in over fifty year one applications, the Panel concluded that insufficient information was supplied to those making the decisions and that this adds weight to the concerns that the process was becoming an Officer led agenda.

SPECIFIC REFERRAL - COUNCILLOR IQBAL

It is fair to say that since Councillor Iqbal addressed Council on 31st October and submitted his referral to Scrutiny his position appears to have become more relaxed. For the record the Panel requested the text of Councillor Iqbal's questions to the Deputy Leader of the Council at the 31st October meeting and the replies he received.

The Panel was satisfied that the information he received from the Deputy Leader was correct.

The Panel has acknowledged that it was reasonable for the Elected Members from the Key Wards to expect that all the Funding would be allocated to their Wards until the Government clarified its guidance in March 2001. It has also been established that at the end of April Councillor Iqbal and Councillor Beetham were briefed on the new Government guidelines and clearly informed that from year 2 the Key Wards, including Thornhill, would not have exclusive rights to the funding. When the Panel put this to Councillor Iqbal he acknowledged that the briefing had taken place.

In a later session the Panel was told that Officers attended a meeting at Thornhill Lees Community Centre in July this year when it became apparent that many of those present had attended as a result of a letter circulated by Councillor Iqbal in which he indicated that Neighbourhood Renewal Funding would be used for the completion of private street works.

The meeting was told that such a scheme would be contrary to the Government's intention for the Fund and this was confirmed to the Panel.

The Panel can only speculate but it thinks it possible that expectations were raised in the Thornhill Ward. It can understand the disappointment that will have resulted before the Government clarified the guidelines but dismisses any allegations resulting from circumstances since the guidelines were amended.

The Panel is aware that Councillor Iqbal, together with Councillor Keith Oldroyd, attended a meeting at the Government Office on November 19th 2001. A copy of the notes of that meeting was made available.

Councillor Iqbal supplied the Panel with a formal submission, verbally presented with a written record. The main thrusts of his amended claim was that the Joint Decision

Making Panel was not qualified to make decisions for funding for year two onwards and that, by spreading the Funds to wider areas, the Partnership was breaching the

Government guidelines by not directing the funds to major areas of deprivation ie; to the Key Wards, including his own.

The Panel pursued both points.

First, although the general direction of the funds for the remaining years of the scheme have been proposed, no decisions have yet been made as to the precise projects that will benefit.

The Local Strategic Partnership should be formally accredited before the start of year two and the Government's requirements will be fulfilled. Councillor Iqbal raised this matter at his meeting with the Government Office on 19th November and the notes of that meeting indicate that the Government Office did not regard this as an issue of concern. It is the Government Office that controls these particular purse strings.

The Panel, after considering all the objections raised, and closely reviewing the evidence supplied to it, can not agree with Councillor Iqbal. It is satisfied that the Government Office is, at present, content with the arrangements for year two and that the proposed clusters identified to apply for funding in year two do not breach the Government guidelines.

SPECIFIC REFERRAL - COUNCILLOR SMITH.

These surround the events at a meeting of the Joint Decision Making Panel on 27th September 2001. In his referral Councillor Smith alleged that the Leader of the Council told an Officer who had applied for funding for a Deighton and Brackenhall Initiative project that *"that area has had enough money spent on it - or words to that effect"*. He argued that this revealed an informal policy against funding to this Initiative and bases his comments on an account given to him by the Officer towards whom the alleged remark was made.

Neither the Panel nor Councillor Smith was at that meeting and both have to rely on the recollection of those who were.

The Panel spoke to five people who attended that day, including the Officer in question and received conflicting accounts. There are no definitive minutes available that can resolve the dispute either way.

When interviewed by the Panel the Leader of the Council denied making the alleged remark.

On the one hand the Panel heard that an Officer and an Elected Member heard the comment, on the other another Officer could not remember whether any comment had been made and two Elected Members heard nothing.

There is no conclusive evidence either way and it is impossible for the Panel to come to a definitive conclusion.

Where the Panel agreed was that, whether the remark was made or not is irrelevant unless other evidence could have been produced to demonstrate that there was an agenda not to grant funding to the Deighton/Brackenhall Initiative. Clearly two of the local Elected Members thought this to be the case. In addition Councillor Smith showed the Panel a further document which could have given credence to his view. The Panel was later told that this second document was a private briefing note prepared by one senior Officer for a colleague. The author has denied that the text should be interpreted in the way that Councillor Smith seeks to do.

However, the Panel acknowledged that whether or not such an agenda existed, Councillor Smith might be justified in raising suspicions based on his interpretation of this second document and the other information gathered by him.

At that meeting on 27th September the Panel considered two applications for the funding of schemes which had been designed for the Deighton/Brackenhall Initiative. Colleagues should note that many schemes had been worked up over a four and a half year period for the Deighton/Brackenhall Initiative. There were a number of schemes "on the shelf" awaiting funding opportunities and those involved, both Officers and Members, were very enthusiastic and, in their own minds, clear that the two in question fitted the criteria for Neighbourhood Renewal Funding. Both applications had been deferred from a previous meeting for more information to be gathered and, unusually, the Leader of the Council had proposed that the Officers should come to the second meeting to answer any questions posed by the Decision Making Panel.

The Panel felt that the degree of time and effort put in by Officers to work up schemes which were then "put on the shelf" is hardly a demonstration of a sub-agenda to deny Deighton and Brackenhall further Council funding.

The Scrutiny Panel heard, from a number of those at the meeting, that robust questioning took place, predominantly from one of the Partnership delegates. Another Officer at the meeting questioned the attitude of the supporting Officer and the Scrutiny Panel clearly concluded that the discussion was far from easy. Although it appears that the debate did not become hostile, the supporting Officer told the Panel that he was relieved to get out of the meeting.

The Panel was satisfied that the Officer in question was irritated that his proposals had not been put to the Decision Making Panel in their entirety and that they had not previously received funding. It believes that he was also upset that other Officers on the Appraisal Panel, with whom he had been working on the Deighton and Brackenhall Initiative, appeared to him to have little or no knowledge of the specific projects for which he was seeking funding when they were being appraised. It is the Panel's view that he was already somewhat upset and irritable when he attended the September meeting of the Joint Decision making Panel to answer, what he believed to be, needless questions.

However, whatever the Officer might have experienced at the meeting his application was granted in the full amount requested.

The argument presented to the Scrutiny Panel was based on the fact that as this was public money and the decision makers were duty bound to give all applications robust consideration. All Elected Members know that there is often conflict when one Ward is seen to be benefiting before another. Irrespective of the needs of other Wards and the conditions attached to various sources of funding, Members understandably often question why one area should benefit before their own. That is part of our role as

Elected Members and undoubtedly goes to the heart of much of the overall problems surrounding the Neighbourhood Renewal Fund.

In this instance the Panel could find no evidence that decisions relating to Neighbourhood Renewal Funding for the Deighton/Brackenhall Initiative was driven by any underlying discrimination.

However the Panel questions the assertion of one Officer that the process was totally "transparent". Clearly, if Members have gained the impression that a separate agenda does exist, the process is not totally transparent. What the Panel did conclude was that the Officer Appraisal process was very extensive but it questioned whether enough information was provided to the Decision Making Panel to avoid the conclusion that the process was predominately Officer led.

Finally the Scrutiny Panel considered the wider lessons to be learnt from the Neighbourhood Renewal Funding process.

Initial confusion over the Guidelines might have caused expectations to be raised amongst the Members for the three key Wards.

That confusion was caused by a lack of clarity on the part of Central Government, compounded by the changes that they introduced in late March 2001.

The relatively crude manner by which the Government determined the Fund's allocation gave inappropriate messages to local Members. The aims of the Fund meant that the Council had to conduct a much more sophisticated survey of local deprivation than that undertaken by the Government.

Too much emphasis was placed on the status of the key Wards. At a crucial time the Government did not make it clear either where or on what the funding should be based. The Panel heard of a letter sent by the then Education Secretary stating that all the funding should be used to fill gaps in the Education budget. In Birmingham the funding has been used to combat "bed blocking." The Panel was shown a memorandum from the Government Office to indicate that Kirklees is using the Funding in an acceptable way. Each year's programme is liable to central review and time will tell if that apparent success continues.

Neighbourhood Renewal Funding has brought a different emphasis. It is not SRB and is not designed to support specific projects over time. It is designed to enhance service provision and to be used as a basis whereby lessons learnt in one area can be used to benefit others. Thus the funding for year two onwards is based on clusters throughout Kirklees rather than small exclusive schemes within clearly defined boundaries.

It is the Panel's view that more could have been done by Officers to ensure that all Elected Members were made aware of the nature and aims of the funding. Not to have done so has resulted in confusion and frustration.

A vital element of the process is the involvement of the Kirklees Partnership. Year one apart, the Government expects funding decisions to be made by the Partnership rather than the Council. This is a new concept and is undoubtedly perceived to be a reduction in the powers of Elected Members. At a time when Members' roles are changing there is a danger that many will become confused and disassociated from the decision making process.

The Panel feels that more should be done to help Elected Members obtain a clearer grasp of the concept of the Local Strategic Partnership. Although the Council is represented on the Partnership by senior members of the Cabinet the Executive must ensure that the Council's membership is owned and driven by all Elected Members.

CONCLUSION

Although the Panel has, by the very nature of the enquiry it has conducted, found reason to criticise parts of the NRF process and some of the central players concerned, it wishes to make clear that, despite advice from Officers in both the Council and Government, local Members are guilty only of pursuing the interests of their own Wards and that those who finally determine the validity of the process within Kirklees appear to be satisfied with the way it has been handled by the Council to date.

The Panel would like to record its thanks to all those who gave evidence, particularly for their openness, and offer their gratitude to those who assisted the Panel's work.

COUNCILLOR ANDREW PALFREEMAN.
COUNCILLOR DAVID RIDGWAY.
December 2001.