

	Meeting (No)	<b>Extraordinary Full Council</b>	
	Date	<b>3<sup>rd</sup> December 2024</b>	
	Document		Ref No
	<b>Civic Hall Funding Request</b>		<b>FC4/55</b>

In September, Neston Town Council was informally approached by representatives of NCYC to open a dialogue regarding adding the equivalent of an average of £10.00 per household special tax (for a Band D property, other banding would vary) on Neston Town Council's precept for 2025/2026, in the hope of quickly raising close to £60,000 for essential roof repairs for the Civic Hall. The trustees were advised to attend the Full Council meeting in October in order to formally bring this proposal forward to Full Council, whilst canvassing residents in the meantime.

NCYC ran an online and paper poll in order to gain views from residents. However, it was found that multiple entries could be made and the poll was closed in and replaced with a paper petition which residents could sign in favour of funding from Neston Town Council, with no way to share views against.

The petition wording states the following: *"We the undersigned request Neston Town Council to resolve at its meeting on December 3<sup>rd</sup> 2024 to make a special grant of £60k as a contribution to the fundraising to repair the Civic Hall roof and upgrade the heating and ventilation system. The campaign target is £240k so this represents one quarter of the target and will enable us to secure matched funding from other sources. If this grant is not made, the Civic Hall will close by 31 March next year"*.

Copies of the petition have been available to sign at NCYC, the Civic Hall and on a dedicated stall at Neston Market during October and November. The petition closed on 20<sup>th</sup> November 2024. The paper petition was handed to the Town Council on 21/11/24 and it contained 1,327 signatures. However, on inspection of the petition, 450 of those signatures were from none CH64 postcodes and therefore have no influence on the overall result. Signatures from outside of the area do not represent tax payers of Neston Wards or have any bearing on Neston Town Council's precept discussions. Some signatories on the petition also have multiple representations from the same household. The precept proposal only affects households within Neston and not individuals. Neston has a population of approximately 15,000 recorded at the last census (2021). It is unclear whether this petition includes Willaston and Burton addresses which extend beyond the parish boundary. A copy of the petition will be available for inspection at the meeting.

On 22<sup>nd</sup> October, Neston Town Council received a presentation from both the Chief Executive and Trustees of NCYC. A number of residents were in attendance at this meeting and spoke passionately, both for and against the proposal. The Town Council has been seeking both professional and legal advice from a range of sources including: ChALC (Cheshire Association of Local Councils), SLCC (Society of Local Council Clerks), the Parkinson Partnership LLP, the Council's Internal Auditor, and other Town Councils and clerks throughout the Cheshire area.

The Town Council's internal auditor, as an independent body, cannot provide specific input into the decision-making process with consultancy or guidance, or help the Council to determine how it sets the precept or the quantum of additional budget lines in the precept request, noting: "As internal auditors what we would be looking to see is that the council is securing appropriate legal and sector specific expertise and guidance to help establish the optimal way forward, and the information you have provided evidences this [...] You have stated that the issue may be contentious with the public and therefore a transparent approach to the whole process would be beneficial in terms of securing support from all stakeholders. We believe it would be beneficial if you reviewed the website of another council that faced a similar situation where a dramatic increase in precept was proposed as the way that town council approached the process, including consultation, and clearly communicating the business case, resulted in support for the scheme from stakeholders."

Neston Town Council has called an extraordinary meeting for 3<sup>rd</sup> December 2024 at 6pm to formally debate this proposal. As serving representatives of the local electorate and democracy, Neston Town Councillors will vote on this proposal. In order to advertise the meeting, a collaborative press release featuring input from both organisations was issued by the Chief Officer on 4<sup>th</sup> November 2024. This has been highlighted by local news outlets including About my Area, as well as exposure across the Council's social media pages. The Liverpool Echo has also featured an article on the Civic Hall's funding plight. The public are encouraged to attend this meeting to share their views with the Council. NCYC's funding plight has also reached national news with a feature in The Mirror newspaper with a follow-up article expected.

A number of residents have contacted the Council directly regarding the funding proposal. Two residents delivered letters to the Town Council expressing views against funding the project. Burton and Neston History Society emailed the Council to support the proposal. Representatives from Neston Flower Society also submitted a letter and an email in favour of supporting the Civic Hall. Copies of correspondence have been supplied to members. Four residents emailed the Council in favour of the funding proposal; one resident emailed in late November to object to the proposal. Whilst the views that have been expressed over social media have been mixed, generally the consensus has been against an additional taxation.

In the interim, following the Full Council meeting on 22<sup>nd</sup> October, the Mayor of Neston and the Chief Officer met with the NCYC Chief Executive and one of the trustees on 29<sup>th</sup> October for a progress meeting when an alteration to the original the funding request wording was raised. NCYC changed the wording of the original request for a £10.00 addition on a Band D property from: 'requesting a special tax' to 'requesting a £60,000 grant from Neston Town Council'. It is important to note that Neston Town Council does not have an available £60,000 in its accounts to simply hand over to another organisation, this grant request would have to be met by the precept and therefore the ratepayers of Neston. A second progress meeting was held on 21<sup>st</sup> November 2024, where advanced questions submitted by Neston Town Councillors, via the Chief Officer, to NCYC were answered and further clarifications from both parties were raised. These form an appendix to this report ref: (b).

It is important to note that if any amount is agreed to be raised for the Civic Hall through the precept that this will hold an *additional* bearing on the 2025/26 Council tax request for Neston. This will be on top of the general Council Tax for the Town Council to operate as normal i.e. general running costs, operation of the market, Town Hall, allotments, Christmas lights, etc. Last year Neston Town Council raised its precept by 20% (Band D equivalent) for 2024/25 and by 24.7% in 2023/24. Neston Town Council will not finalise its precept request for 2025/26 from CW&C until mid-January 2025, therefore the overall percentage rise for next year will not be determined at the extraordinary meeting on 3<sup>rd</sup> December.

### **Background information and building ownership**

Neston Civic Hall is owned by Cheshire West and Chester Council as the primary asset holder. Since 2021, Neston Civic Hall has been operated by the NCYC trustees. The building was not handed over to the group in a good state of repair, with the roof constantly leaking with no felting, and the group having to cancel bookings and rely on volunteers and local companies to split jobs to complete patch repairs. As the landlords of this public building, any issues should have been rectified by CWaC prior to a lease agreement being arranged (disposal of an asset). This would be especially prudent in the case of handing over for any long-term lease under the Local Government 1972 Act under Disposal of Assets (ss 124, 126, 127).

The Department for Communities and Local Government, Local Authority Asset Disposal Guidance (2016) states:

Where land or property is identified as surplus, there are some important principles which will help ensure that land is disposed of effectively and efficiently. These include;  
The appropriate level of investment determined prior to disposal. To ensure the best possible return, in many cases it may be appropriate to invest in a site before disposal, for example by obtaining planning permission or providing infrastructure. The appropriate type and scale of investment will depend on the individual circumstances of the site, and understanding these early will ensure the best outcome for authorities

Currently, NCYC has a lease until 4<sup>th</sup> January 2025, with a view to extend for an additional 2 years. NCYC operate the Civic Hall on a free lease arrangement. Neston Town Council has been informed that there is scope for a 25-year lease to be agreed with CWaC. Neston Town Council operates the Town Hall on an Asset Management Agreement with CW&C, contributing annually towards rent, service charges and business rates.

Neston Town Council needs to consider whether CWaC has fulfilled its due diligence in ensuring the Civic Hall is in a good state of repair prior to it being passed over to a local group, by ensuring the group is able to sustain it. Council should consider whether CWaC has performed its duty of care. A way of achieving this could be to ensure that a funding package is provided for the building, without which a potential liability has been passed over that the group is unable to sustain.

## **Advice Received**

Steve Parkinson of the Parkinson Partnership LLP (obtained through ChALC) stated:

To paraphrase the [...] question – “can an unelected body levy a precept on a parish council, or can a council collect tax for another organisation with no tax raising powers”, the answer is simply “no”.

The rules for preparing a budget and setting a precept are set out in the Local Government finance Act 1992. If the council wants to assist the group, it needs to look at what legal powers it will rely on to provide assistance and determine what to include in its budget prior to setting a precept. Even if it does raise the funds, it is still the council’s decision as to how much it contributes and under what circumstances.

If the building belongs to CWaC and needs “saving”, the group’s first call should be to their landlord. If the group folded and ended their lease, any remedial costs would fall on CWaC, so the principal authority can’t simply avoid the issue. It doesn’t sound like this should really be the town council’s problem.

Roger Taylor, Consultant for the SLCC (Society of Local Council Clerks) advised:

In the terms of the precept there is no such thing as a special item. The Council works out the required funds which it then applies to the Principal Authority to collect on its behalf. In formulating the amount the budget could include an amount towards the repair of the Civic Hall and this would appear in the published budget.

Whether a further amount would be included in the following year would depend on circumstances and it is unwise to promise that next year’s rate would be reduced as whilst you may not give a further grant, other costs will have increased!

The Council would give a Grant to the organisation and it would be usual for the Council to retain the funds until it was clear that they would be expended on the repairs. The Grant would not be given until it was certain that the works would be undertaken and other finance was available. If the money was not given to the organisation it would be used by the Council for general purposes.

No grant should be given until the organisation has a lease of at least 25 years and has proposals as to the source of other funds to effect more permanent repairs [...]

[...] The Council only has power to make grants to external organisations using one of the powers that it has for this purpose.

It can include in the precept the amount that it proposes to grant but there is no power in the precept to raise specific amounts for specific purposes along the lines that you originally suggested.

The Council would have to resolve to make an exception to their policy if the grant was in excess of current policy.

However, Cheshire West & Chester Council can add a special line to its budget for a specific project as the building is their asset; there does not appear to be an appetite for this. The advice supplied by CWaC's Corporate Finance Manager (c) refers to the legislation that covers general precept raising, however it does not cover the specifics of raising a special expense for this purpose.

CWaC's Capital Programme document 2024-25 details approved capital programmes and schemes per million pounds. £11m has been set aside for investment in Winsford Town Centre as part of a wider programme of town centre regeneration. Transforming Ellesmere Port Town Centre to enhance the area has benefitted from £13,798,000. I note that the Asset Management for Property fund which is set aside for 'Investment in the Council's property assets, to minimise health and safety risks to the Council and its residents and [to] support the effective operation of the Council's services' contains £3.75 million. This appears to be a suitable pot from which to seek funds for Neston's Civic Hall.

NCYC has not been able to demonstrate that other matched funding is guaranteed if the initial funding request is met by the Town Council. A business plan has not been submitted to the Town Council, which is an essential element of a funding request. The group has advised that their Business Plan is confidential. NCYC has provided Income Projections for Year 1 (a) which is attached to this report as an appendix. The breakdown of capital costs has been obtained from three estimates for roof replacement and insulation, air conditioning and ventilation, and CCTV and intruder alarm systems which are based on 2022/2023 prices (d). It has been declared that one of the NCYC Trustees provided a quotation for this work. NCYC confirmed that these quotations were obtained for the Community Ownership bid, in order to gain ball park figures for the project, of which £400 had been raised at that time, leaving £240,122 remaining. Once funding has been raised, NCYC confirmed the work would go out to official tender. The £60,000 being requested from the Town Council would enable the group to apply for the Community Ownership Fund and could be split into several different match-funding projects for the building. However, based on advice detailed above, it would be prudent for the Town Council to maintain any grant funding offered until the entire project has been funded.

Having shared this proposal with other Town Councils, research across the sector has indicated that this is not a wise decision for the Town Council to pursue. The Town Council needs to consider what happens to this potential funding if the project is unsuccessful and the Civic Hall asset is handed back to Cheshire West & Chester Council.

Offering a large grant to an outside organisation in this manner is not demonstrating a long-term strategic view to becoming financially responsible. The Town Council is already committed to cash liability from a pension strain cost over this current year and the next financial year of £37,200. This funding request, if approved, could potentially cause the Town Council to be vulnerable to future risks and concerns or even potential judicial review.

This is not the way that Neston Town Council seeks to appoint funds when considering large scale funding requests because they should form part of the strategic plan. The Town Council also does not have the reserves to cover this funding request. The Council maintains three months net in their General Reserve, plus running costs which is the minimum amount of reserves as recommended by JPAG (Joint Panel on Accountability and Governance). "The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve." This is where Neston Town Council sits.

The Town Council must also remain mindful in setting a precedent by providing funding for an outside organisation in this manner. A snowball effect of similar requests for future funding plights from other local causes during budget setting could be created.

Overall, this funding request demonstrates undue risk for the Town Council, namely because the building is owned by the principal authority, Cheshire West & Chester Council. The Town Council needs to be resilient against social pressure and remain focused on its own objectives going forward. Other Town Council projects which are in the pipeline could suffer in light of this funding request.

### **Recommendation**

It is recommended not to proceed with the funding request due to the fact that this proposal could prove to be of disproportionate risk to the Town Council.

This matter should be referred to the primary asset holder: Cheshire West & Chester Council to determine what the intention for the asset is in the long term.

Neston Town Council may wish to recommend that a special expense is added to CW&C's Neston precept for the Civic Hall to raise specific funds for the building from local residents in 2025/26, as the unitary authority is the only authority able to do this.

**Locum Chief Officer**

**Zoë Dean**

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