

Environmental & Community Services Select Committee

23 July 2015 – At a meeting of the Select Committee held at 2.15 pm at County Hall, Chichester.

Present: Mr Tyler (Chairman)

Dr Dennis	Mrs Phillips	Mr Whittington
Mr G Jones	Mr S Oakley	
Mr M Jones	Mr J Rogers	

In attendance by invitation: Mr Brown (Cabinet Member for Finance) and Ms Goldsmith (Leader)

Apologies for absence were received from Mr Barrett–Miles, Mrs Brunsdon, Mr Circus, Mr Rae

Declarations of Interest

52. No interests were declared

Call-in

53. Mr M Jones introduced the request to call-in the decision by the Cabinet Member for Finance concerning the arrangements for future investment for business support: the future of grant and support programme in West Sussex (call-in request appended to the signed minutes) and highlighted the following points: -

- He recognised the importance of support to businesses but, in face of budget pressures, felt that funding private enterprise is neither sustainable nor justifiable and requested that the Cabinet Member confirm that there will be no further funding outside this fund over the next 6 years.
- A concern over the lack of scrutiny surrounding the decision and that the proposal sets out to evade scrutiny and prevent democratic challenge. It was felt that there is a duty to taxpayers when it comes to funding and he expressed disappointment that the Cabinet Member has chosen to override the call-in process in this instance, rather than safeguard it.
- There is a lack of clarity as to how decisions would be made known as the Economy Board only conducts meetings in private, with no formal minutes published.
- Queried why it is felt necessary to have a separate process and why the decision are to be handed over to officers, as it is ultimately members that have accountability.
- The risk considerations set out were poor and not well thought through.

54. The Cabinet Member for Finance addressed the Committee, providing justification for the decision and highlighted the following points:

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- The reason for the decision was to create match funding of £850,000 which will be used to draw down funds from the European Union (EU) to increase the amount of money available in the West Sussex economy. If securing additional funds was successful, then a greater opportunities would arise that would help stimulate the local economy.
- Clarified that the 'Be the Business' Fund will be wound up after this year. The Social Enterprise fund (SEF) is also likely to be wound up, although this decision has not been formally made yet. In 2011, due to the negative financial outlook the County Council felt it was then right to help social enterprises to keep going and not flounder and to help maintain local employment. As the economy was now more positive, there will be no need to keep these schemes going.
- Confirmed that funding and help for social enterprises would still be provided by the County Council through the Community Initiative fund (CIF) and the members Big Society fund. For these, he advised that he will do his best to increase the funding from next year's budget
- He understood the importance of seeking the views of the wider membership and was happy to listen to the views of Committee members. He disagreed that the decision is an attempt to avoid scrutiny and understands the need to challenge if it helps the Cabinet make better decisions. He is keen that progress and outcomes on all projects that receive grants from the new funding source be shared with members through the Select Committees.

55. Tony Kershaw, Director of Law, Assurance and Strategy, addressed the Committee and explained that:

- The thinking behind the proposal for the decision to be taken by the officers following a meeting of the Economy Board is that it takes into consideration the timescales when bidding for EU funding, as the turnaround time for grants is tighter and there is a shorter period to make bids. Member consultation is therefore better secured before rather than after any decision.
- The need for member scrutiny was considered to be better met at the point when proposals are put together, so allowing preview for members and engaging them at the earliest opportunity. If members are involved in the evaluation of the business case beforehand, then the need for an opportunity for Call-in is removed rather than being avoided.

56. Ana Fajardo, Growth Lead Business Support and ESIF, addressed the Committee and explained that:

- As the bidding process is competitive, publishing the project idea to respond to the tender beforehand could pose problems.

57. The Committee made comments including those that follow. It:

- Agreed that the services and outcomes sought will support businesses in West Sussex and are pleased to see the help provided, noting that it was additionally beneficial to have funding available from the EU. It was considered that taking this opportunity is a good thing in supporting local

businesses and the Committee is keen to monitor the outcomes from the grant projects.

- Raised the issue of value for money and whether bidding for EU funds is an efficient use of taxpayers' money, given the funding environment and as the administration costs seem to be 20%. *The Cabinet Member for Finance acknowledged that an enormous amount of money is put into the EU and in his view this is a welcome opportunity to get some funds back. He was unable to confirm exact costs to prepare the bid, although he had ensured sound and sensible internal audit arrangements were in place. He supports the idea of putting both funds together if it can be of benefit to and increase the West Sussex economy. As both of these funds are due to end this year, he clarified that this is a one off process.*
*Ms Fajardo added that the management costs can be anything **up to** 20%.*
- Agreed that the preview is the best way forward due to the way the timing of EU funding bids. In relation to the proposal attached as an appendix to the report members raised concerns that funds appear to be aimed at consultant and advice based services and workshops rather than tangible help. *The Cabinet Member indicated that this is the use of funds preferred by businesses and advised that although the investment may not be in tangible business, the aim is to create a type of advice and consultancy arrangement to help small businesses grow. He advised that this is the first proposal and he is open to ideas from members. After the event, members would be able to see the outcomes, such as the achievement of objectives and use of the funds. A business support service is the proposal and the idea is to create an environment where businesses can come for advice and help. Workshops and 1-2-1 sessions were not tangible, but they can help take businesses forward.*
- Noted that the 'Be the Business' fund was good for targeting the start-up of businesses, but raised concerns that Coast to Capital and EU funds could be too complex to bid for and so less accessible for small firms. Also whether there were any restrictions on areas in West Sussex (such as areas of deprivation) that can bid for EU funding and if the anticipated funding amounts from the EU are likely to decrease. *The Cabinet Member agreed that Be the Business had been very successful and had targeted small business with the help being of great value.*
Ms Fajardo added that the EU funding was accessible to all. The issue was that some small businesses are not able to access the support of the national programmes because they are not ready yet to grow at those levels. The proposed service allows for a level of support to act as a step up to get businesses involved in those national support programmes in the future. When applying for funding, the tenders are open nationally (England level) so there may be lots of competition. However, even if the funding amounts decrease there should still be a reasonable quantity, we can access as West Sussex is a big areas with many businesses.
- Queried what it means for social enterprises and if the bids will not subject businesses to more stringent criteria, with more information needed as the new fund will be larger scale. *The Cabinet Member advised that a new fund is not being created and that the use of both funds will act as a leverage for more funding for the County Council. As this instance will not occur again it is not classed as an on-going problem. There are already lots of ways that*

business is helped by the Council – most importantly by giving them business so that they can grow and prosper rather than just giving them money. The Leader added that the idea is to minimise the burdens on people applying and to invest in the future to draw down more money to help so there is no risk of making it more difficult.

- Queried under what circumstances is acceptable to by-pass the current decision making and scrutiny processes. *Mr Kershaw advised that there has been no attempt to by-pass the system or member engagement and that the proposal is aiming to enhance involvement of members by bringing them in at an earlier point. It should make no difference whether it is by preview or a Call-in, provided the balance of effectiveness of member involvement and the reasons for the removal of call-in is appropriate. In this instance the balance is in favour of preview rather than the Call-in because of the tight windows that apply to grant funding in the EU. The Call-in process could delay the process by two weeks which is likely to affect the bidding process.*
- Queried if Caroline Haynes, previously Interim Director of Economy, who sits on the Economy Board should be the named decision maker. *Mr Kershaw advised that the Director of Economy post will remain on the Board and so may not be not Caroline Haynes herself in future.*

58. The Cabinet Member for Finance summed up by commenting that: -

The idea is to increase the West Sussex Economy to create more jobs and businesses. If the bid is successful and investment in projects goes ahead, then members or the scrutiny system can keep ahead of how projects are progressing. Input is welcome and he understands how important it is to have a transparent decision-making process. The traditional Call-in process will still be in place and nothing is aimed at circumventing the process that holds the Cabinet to account. Good scrutiny is worth it, if it results in better decisions for the people of West Sussex.

59. Mr M Jones summed up by commenting that: -

The Call-in had been a very useful exercise and had been more illuminating than the decision report, and the response from the Cabinet Member provided more detail on the processes and member involvement. The Labour group feel strongly about the cuts and budget reductions in the coming few years and spending decisions need to be available for call-in. The fact remains there will be no opportunity for Call-ins for the future in order to challenge this process so he cannot support that.

60. Mr M Jones made the following proposals which the Committee considered: -

1. Request the Cabinet Member reconsiders the original decision and changes it, so that the decision-making process for the new fund is subject to the usual governance procedures of the County Council, and subject to the usual call-in process, to allow democratic challenge to future funding decisions.
2. The Select Committee to welcome the confirmation that here will be no further allocations of funding to directly support businesses over the next six years in view of the merged fund.

3. The Committee to welcome the opportunity offered by the Cabinet Member to preview individual schemes put forward virtually, but also request a regular check on the overall performance of the fund and that progress reports on applications made to it come to the Select Committee following the end of each financial year that it remains in existence.

A vote was held and the proposal was lost.

61. Resolved that:

- 1). The Committee supports decision FIN 04 (15/16) - Sustainable Investment for Business Support: The Future of Grant and Support Programmes in West Sussex and welcomes the early involvement of members in light of the constraints of the EU process.
- 2). That the Committee retains the ability to evaluate any scheme as and when appropriate.

Date of the Next Meeting

62. The Committee noted that the next scheduled meeting will be held on 17 September 2015 at 10.30am.

The meeting ended at 3.17pm

Chairman.