

EAST DEVON DISTRICT COUNCIL

Minutes of the meeting of Scrutiny Committee held at Council Chamber, Blackdown House, Honiton on 30 January 2025

Attendance list at end of document

The meeting started at 6.00 pm and ended at 7.34 pm

45 Minutes of the previous meeting held on 7 November 2024

The minutes of the previous meeting held on 7 November 2024 were agreed and signed as a true record.

46 Declarations of interest

Minute 51. Scoping document: Agricultural property relief and business property relief. Councillor Roy Collins, Affects Non-registerable Interest, Councillor is a farmer and landowner.

47 Public speaking

No members of the public had registered to speak.

Members of the farming community were present as members of the public and were invited to speak on the item at minute 51, Scoping document: agricultural property relief and business property relief.

48 Matters of urgency

There were no matters of urgency.

49 Confidential/exempt item(s)

There were no confidential / exempt items.

50 Decisions made by Cabinet called in by Members for scrutiny in accordance with the Overview and Scrutiny Procedure Rules

There were no decisions made by Cabinet called in by Members for scrutiny in accordance with the Overview and Scrutiny Procedure Rules.

51 Scoping document: Agricultural property relief and business property relief

The Director of Place introduced the scoping document which set out the motion from the Council meeting held on 4 December 2024 regarding the Government's reforms to agricultural property relief and business property relief for inheritance tax, announced in the Autumn Budget 2024.

There was a need to understand the issues fully and the impact of the reforms on inter-generational inheritance of farms in East Devon. External expertise would be required with proposed consultees set out in the scoping document.

Members of the farming community present addressed the Committee and highlighted the following concerns regarding the Government reforms:

- Farmers may have to sell a proportion of their farm in order to pay their inheritance tax bill.
- Farms mostly make a modest living using the farm's assets.
- A farmhouse and paddock by themselves could amount to the £1million threshold for inheritance tax.
- Labour was often the biggest cost, and it was difficult to find labour.
- The supermarkets dictated the level of payment for produce which often does not reflect the cost of producing the food.
- Reforms were being introduced too quickly and there had been no consultation with farmers.
- East Devon mainly comprised small family farms which would become smaller still if land and assets had to be sold to pay inheritance tax.
- There was no guarantee that agricultural land, if sold, would ever come back into agricultural production which threatened the country's food security.
- Many farmers' children worked on family farms with little or no remuneration in the expectation that they would inherit the farm.

Discussion of the scoping document and responses to Members' questions included the following points:

- Support from Democratic Services would be provided for whichever route the Committee agreed to take following scoping.
- The Committee needed to agree key questions to be included in the scoping document.
- It was crucial to have input from the farming community who would be directly affected by the inheritance tax reforms.
- Concern was expressed regarding the potential loss of land for food production and the resulting food insecurity and impact on climate change.
- The view was expressed that the Council was not in a position to change Government legislation. Therefore, the impact the Council could have on this issue was limited.
- There was concern that the review could take a lot of officer time and resources.
- It was noted that the motion to Council had been referred to the Committee to consider and it was important to understand the true effect of the reforms on East Devon farmers.
- Land agents should also be included in evidence gathering.
- There was concern that a Task and Finish Forum may not provide sufficient transparency if it did not meet in public session.
- Planning issues related to the reforms were outside the remit of the Committee.
- There was a need to complete the review, based on the information provided by the farming community, before the legislation was brought in, rather than conduct a lengthy, in-depth review.

The Director of Place advised that clarification from the Government was expected imminently regarding local government reorganisation, and that this would have an impact on Officer capacity going forward.

External information and analysis by farm size was already available nationally regarding the likely impact of the inheritance tax reforms on farms. This data would need to be contextualised to East Devon, with the support of the National Farmers Union, the farming community and other relevant partners, to fully understand the impact on local farms. Due to the phased introduction of the reforms, there was a need to complete the review in a timely manner.

A report using information already available and setting out the impact of the reforms on East Devon could be brought back to the Committee sooner than the timescale set out in the scoping document.

It was noted that a letter from the Chief Executive to the Chancellor of the Exchequer and the Minister of State for Food Security and Rural Affairs had already been drafted following the Council meeting. As a result of the Scrutiny review, a further letter could be sent setting out the detailed impact of the reforms in the context of East Devon.

AGREED:

That a report would be brought back to the Committee using the nationally available analysis relating to the size of farms and the effect the reforms will have in the context of East Devon, with support and engagement from partners.

The Chair thanked the members of the farming community for attending.

52 **UK Shared Prosperity Fund - Year 2 (2023/24) Evaluation**

The Economic Development Manager presented the report which provided an overview of the UK Shared Prosperity Fund funded activity for 2023/24 and the key findings of the evaluation work undertaken in Year 2 (of 3) of the programme. The purpose of the report was to review progress made on the actions proposed in the January 2024 report, and to provide an overview of the UKSPF evaluation undertaken for 2023/24 activity, including the challenges identified and the proposed additional recommendations.

The Economic Development Manager advised that projects are now up and running and are monitored and evaluated on an on-going basis. A 4th year of the fund would now be available, with funds awarded to and flowing from the new combined authority for Devon and Torbay.

The Economy Projects Assistant advised that consistent on-going monitoring and evaluation ensured that data was available to support and evidence the outcomes of the various projects.

The Chair noted that undertaking the evaluation of the projects on an on-going basis provided valuable information to enable improvement going forward. The Chair also encouraged Members to read the full report available through the links in the document.

Discussion and responses to questions from Members included the following points:

- Initially it was a requirement to include 50% match funding for business grant schemes, however, there was evidence to show that demand decreased compared with other funds with no match funding requirement, so the match funding requirement had now been reduced to 30%.
- One of the biggest challenges to running projects was staff changes and capacity among project leads.
- The Culture, Leisure and Tourism Fund was a decarbonisation grant scheme which has since been renamed to the Carbon Action Fund to avoid confusion.
- The Chair asked that the report for Year 3 be subject to an equalities impact assessment.
- For community organisations seeking non-grant support, they can receive this from the VCSE support service delivered by Devon Communities Together on behalf of EDDC.
- A change of Government policy had resulted in the Council having to find alternative ways of spending funds to ensure that other projects could continue.

- Funds available for year 4 would be reduced and discussions were on-going as to which projects would be taken forward with Cabinet making the final decisions at its meeting in March.

IT WAS AGREED:

1. That the Scrutiny Committee noted the progress made on the actions identified in the December 2023 UKSPF Evaluation Report.
2. That the Scrutiny Committee noted the UKSPF evaluation undertaken for the 2023/24 financial year, along with the challenges identified and proposed actions.
3. That a follow up report be brought back to the Scrutiny Committee in a year's time.

The Chair thanked the Economic Development Manager and the Economy Projects Assistant for attending and for their work.

53 Work Programme

The Committee discussed the work programme.

It was noted that Members had attended Scrutiny work programming training in November 2024 provided by the Centre for Governance & Scrutiny. A work programming workshop would be held following the Committee meeting, however, it was noted that local government reorganisation could have a significant impact on the work programme going forward.

It was agreed that the review of the impact on farms in East Devon of reforms to inheritance tax should be a priority item on the work programme.

The Assistant Director Planning Strategy and Development Management would provide an informal "spotlight" session on planning enforcement at a time to be agreed.

It was agreed not to proceed with scoping work on the Exmouth Sea Wall project as this was now considered unnecessary as work was on-going.

Regarding the report on a South West Water Sewage Task and Finish Forum, it was noted that work was now on-going through the Devon wide water summit. The summit had brought together local authorities across Devon, experts from the University and the Environment Agency. Work was on-going through the Devon Districts Forum. The presentations from the water summit would be circulated following the meeting.

Concern was raised regarding continuing sewage overflow issues in Exmouth which was worsening due to development. It was noted that the Portfolio Holder for Coast Country and Environment had met on site with the managing director of South West Water's waste management to understand the vital programme of improvement works at Exmouth.

It was agreed to request an update from South West Water on improvement works at Exmouth at a future date.

With regard to the referral from Cabinet of Minute 120, Serious Violence Duty, it was agreed not to proceed in light of upcoming changes due to local government reorganisation.

Subject to the above changes, the work programme was agreed.

Attendance List

Councillors present:

J Brown
M Goodman (Chair)
J Heath
V Johns
Y Levine
D Mackinder (Vice-Chair)
J Whibley

Councillors also present (for some or all the meeting)

A Bailey
B Bailey
C Brown
R Collins
P Faithfull
N Hookway

Officers in attendance:

Tracy Hendren, Chief Executive
Sarah Jenkins, Democratic Services Officer
Andrew Melhuish, Democratic Services Manager
Zoe Smith, Economy Projects Assistant
Anita Williams, Principal Solicitor (Deputy Monitoring Officer)
Tom Winters, Economic Development Officer
Andrew Wood, Director of Place

Councillor apologies:

I Barlow
K Bloxham
M Chapman
O Davey
A Hall
M Hall
M Hartnell
A Toye

Chair

Date: