

## **ECONOMY AND RESOURCES SCRUTINY COMMITTEE**

Wednesday, 6 January 2021

**PRESENT** – Councillors Durham (Chair), Boddy, Crudass, Harker, L Hughes, Mrs D Jones, McEwan, Renton and Tait

**APOLOGIES** – Councillor Paley

**ABSENT** – Councillor Bartch

**ALSO IN ATTENDANCE** – Councillor Marshall

**OFFICERS IN ATTENDANCE** – Elizabeth Davison (Assistant Director Resources), Mark Ladyman (Assistant Director Economic Growth), Christopher Mains (Towns Fund Programme Manager), Andrew Perkin (Business Growth and Investment Manager) and Shirley Wright (Democratic Manager)

### **ER9 DECLARATIONS OF INTEREST**

There were no declarations of interest reported at the meeting.

### **ER10 MINUTES**

Submitted – The Minutes (previously circulated) of a meeting of this Scrutiny Committee held on 5 November 2020.

**RESOLVED** – That the Minutes be approved as correct record.

### **ER11 BUSINESS GRANT SCHEME**

The Business Growth and Investment Manager gave an update on the Government's various funding schemes which had been introduced to support local businesses during the Covid-19 pandemic.

It was reported that since 5 November 2020, the Government had announced six different support schemes for businesses and the Council's Business Investment Team and Business Rates Team had been working together to administer those schemes and that, since November 2020, 1,555 grant applications had been processed and 1,133 different grants, totalling £1,587,312 had been paid, which were in addition to the Business Support Grants processed earlier on in the pandemic and brought the total amount of grant payments processed in Darlington to £26,627,312.

The Business Growth and Investment Manager reported that the majority of the grant schemes which had been introduced to date were to assist those businesses with business rates liability and many businesses were not eligible to apply for Government support, however, following the most recent national lockdown on 5 January 2021, a number of additional support measures had been announced by the Government which included one-off top up grants for retail, hospitality and leisure businesses and additional discretionary funds to enable local authorities to support other impacted businesses.

Discussion ensued on the number of businesses which, for a number of reasons, were not eligible to receive any financial support at this point in time and Members discussed the importance of highlighting concerns in relation to this to the Government in order to shape any future funding to support these businesses. It was also requested that quantitative information on the numbers and type of businesses affected be provided to this Scrutiny Committee.

**RESOLVED** – That the current position be noted.

## **ER12 TOWNS FUND PROGRESS**

The Towns Fund Business Manager gave a update presentation on the current position in relation to the proposed use of the Towns Fund– Forward Funding, following accelerated funding of £1 million which had been received from the Government to fund capital projects that were in line with the Towns Fund.

The presentation covered the individual projects which were included within the overall project, which included improvements to the historic yards, town centre enhanced lighting, town centre WIFI and property acquisition in Northgate and Officers gave an update on the current position and next steps of each of those individual projects.

Reference was also made to the £22.3 million which had been secured through the Town Deal to fund the Town Investment Plan which aimed to drive the sustainable economic regeneration of the town to deliver long term economic and productivity growth; the nine intervention projects within the offer; the detailed project development and business cases which were required for each intervention; and the Town Deal Summary Document which needed to be submitted to the Government within twelve months of agreeing the Heads of Terms.

Discussion ensued on the need for effective engagement with stakeholders to take place on the high-level proposals for changing the various areas within the Town Centre and the need for fluidity to be in place within the development of the business case.

**RESOLVED** – That the current position be noted.

## **ER13 GREATER FAVERDALE BURTREE GARDEN VILLAGE - DESIGN CODE**

The Director of Economic Growth and Neighbourhood Services submitted a report (previously circulated) requesting that this Scrutiny Committee consider the Greater Faverdale (Burtree/Faverdale Garden Village) – Design Code (also previously circulated) for the Masterplan area of Greater Faverdale.

It was reported that the Design Code, which included ‘good’ and ‘bad’ design practices would ensure a comprehensive quality code which would be used to create developer- led Quality of Place and offer the Council’s development management team a clear assessment tool to be used in the planning process which would enable them to evaluate and appraise objectively forthcoming planning applications where design would be a material consideration.

The submitted report outlined the background to the site, a 178 ha mixed use site, being supported as a Garden Community by the Ministry for Housing Communities and Local Government (MHCLG) in July 2019 and its naming as Burtree Garden Village by the leading Investment Fund developer, a collaboration of Hellens Limited and Homes England.

It was reported that it was unlikely that any planning applications for the site would be forthcoming in the next few months, however the design code would be used to help influence the way this particular development would look and that, as the site would be developed in tranches, it was important that there was some flexibility within the Design Code which might need to change as a result of Governments guidance and direction through design changes themselves in the future.

References were made to the need for all future developments where there was a mix of different developers working on the same site for the housing designs to be in harmony with each other; broadband connectivity to be a feature of any development to ensure a work/life balance and the need to balance affordability of housing with good design.

**RESOLVED** – That the report be noted and any further comments be submitted to Officers.

#### **ER14 CENTRAL PARK - HYBRID BUSINESS INNOVATION CENTRE**

The Director of Economic Growth and Neighbourhood Services submitted a report (previously circulated) together with a draft Cabinet report (also previously circulated) which outlined the plans to develop the Hybrid Business Innovation Centre (HBIC) at Central Park, including undertaking a range of landscaping and remedial works across the area.

It was reported that following the success of Business Central on Central Park, the Council, with the benefit of external funding, was now in a position to create additional business incubation/managed workspace accommodation and serviced plots in readiness for occupation by new companies including Small to Medium Sized Enterprise businesses (SMEs). The HBIC would sit alongside and complement CPI Biologics and Teesside Universities Horizons building and it is hoped would host a nationally significant pharmaceutical, biologics and life science centre.

Following questions by Members, we were advised that the Business Case was predicated on the fact that the Centre could be occupied as soon as possible and that there was a market need for this type of accommodation.

Discussion ensued on whether there were any proposals to clear and make good the whole area of land at Central Park prior to further development and it was suggested that a further report be submitted to a future meeting of this Scrutiny Committee on the proposals for the overall ambition for the development of the whole area of land which would include this.

**RESOLVED** – That the report be received.

## **ER15 MEDIUM TERM FINANCIAL PLAN**

Submitted – A report (previously circulated) of the Chief Officers Executive requesting this Scrutiny Committee's views on a report which had been considered by Cabinet at its meeting held on 8 December 2020, in relation to the Medium Term Financial Plan (MTFP) 2021/22 to 2024/25, including setting a budget and council tax increase for 2021/22.

The Assistant Director Resources had previously given a briefing to all Members on the background and proposals contained within the MTFP 2021/22 to 2024/25 and had highlighted a number of particular areas within the report and responded to Members' questions.

Members were reminded that the Council had faced significant challenges over the last decade following the economic downturn and reduction in public sector spending and that, although to date, it had been successful in responding to these challenges it was becoming increasingly difficult, particularly in respect of a growing elderly population, pressure in the children's social care sector and the major economic impact of Covid-19 which had a direct impact on the Council's finances this year and would in future years. To date £3.401 million had been committed to the themes with a balance of £0.699 million remaining.

Cabinet's report highlighted the main areas of pressure in relation to this Council's finances and particular reference was made to the significant effect of Covid-19 on those finances ie additional expenditure, loss of income, increase in applications for Council Tax Support and Council Tax and non-domestic rates income losses.

The Assistant Director Resources reported that it had been difficult to predict expenditure and income levels moving forward so best estimates had been used and assumptions made on the impact of Covid-19 on the 2021/22 budget, with an assumption that income and expenditure levels would return to normal from 2022/23 onwards and that no further Government Covid-19 funding would be received.

Reference was also made to the significant consultation exercise which had been undertaken in 2016 following an in-depth review of all services and which had resulted in the agreement of a core offer budget which allowed for a small fund to be allocated to discretionary services and it was reported that this fund had continued in subsequent years with unallocated balances being used to invest in those five areas which held great value to the community and the encouragement of economic growth.

The Assistant Director of Resources reported that taking into account the projected revenue out turn for 2020/21, along with the assessment of required risk balances and the utilisation of balances to fund the projected budget deficit over the four-year period, it would leave a projected general fund balance of £3.504 million by 2024/25, however, this was based on a number of factors ie building around 433 Band D equivalent houses per annum, no significant overspend, assumptions of a cash equivalent position materialising in the settlement and a Council Tax increase, including a three per cent Social care precept of 4.99 per cent so caution was needed.

It was highlighted that the MTFP was only being balanced annually by the use of reserves which was not a sustainable position moving forward as those reserves would eventually be depleted, and Members questioned when the continued use of reserves would need to be addressed. The Assistant Director Resources reported that the outcome of the Fair Funding Review, which had been pushed back for two years now, had been promised for next year and the Council needed to see what the outcome of that was so it had a starting position to know what the future funding was going forward prior to making any big decisions on service provision. It was also highlighted to Members that if the Fair Funding Review didn't happen next year it would be likely that the Government would roll forward all of the grants with inflation which would enable the MTFP to be pushed back another year

In relation to the settlement, the Assistant Director of Resources reported that confirmation had been received that there would be a tranche five of one-off Covid-19 funding in 2021/22 which would help with the identified pressures, however, as the authority was likely to face more expenditure pressures due to the most recent lock down, again, caution was needed, however, the one off funding should cover those pressures identified for next year.

Discussion ensued on the increase in financing costs in 2023/24 and onwards and it was reported that this was due to a previous Council decision to take a Minimum Revenue Provision holiday which was due to end in the 2023/24 financial year; the impact of next year's pay award on the MTFP which had been based on an assumption of 1 per cent and the revenue impact of the proposed increase in the junior swim charges.

**RESOLVED** – That a further meeting of this Scrutiny Committee be held on 19 January 2021, to formulate a response on behalf of all of this Council's Scrutiny Committees on the MTFP 2021/22 to 2024/25.

## **ER16 WORK PROGRAMME**

The Managing Director submitted a report (previously circulated) requesting that further consideration be given to the work programme of this Scrutiny Committee for the remainder of the Municipal Year 2020/21.

Reference was made to a previous suggestion that the Scrutiny Committee undertake a piece of work on staff well-being and productivity during this current time and it was reported that the bi-annual employee survey which would give a good indications of this was due to be completed and sent to staff at the beginning of February and that any specific areas of concern which might be highlighted could be included within our work programme.

Discussion also ensued on the possibility of a joint piece of work being undertaken with the Children and Young People Scrutiny Committee in relation to youth unemployment as a consequence of Covid-19 and the Chair reported that he would arrange a meeting between himself and the Chair of the Children and Young People Scrutiny Committee and the Mayor to see how this could be taken forward.

**RESOLVED** – That the report be received.

