

**DECISIONS SHOULD NOT BE IMPLEMENTED BEFORE
MONDAY 22 FEBRUARY 2021**

CABINET

Tuesday, 9 February 2021

PRESENT – Councillors Mrs H Scott (Chair), Clarke, Dulston, Johnson, Keir, Marshall, Mills and K Nicholson

INVITEES – Councillors Curry, Harker, Snedker and Tait

ALSO IN ATTENDANCE – Councillors Durham and Haszeldine

C90 DECLARATIONS OF INTEREST.

There were no declarations of interest reported at the meeting.

**C91 TO HEAR RELEVANT REPRESENTATION (FROM MEMBERS AND THE
GENERAL PUBLIC) ON ITEMS ON THIS CABINET AGENDA.**

In respect of Minute C96(3) below, representations were made by a Member in attendance at the meeting.

**C92 TO APPROVE THE MINUTES OF THE MEETING OF THIS CABINET HELD ON
TUESDAY 12 JANUARY 2021**

Submitted - The Minutes (previously circulated) of the meeting of this Cabinet held on 12 January 2021.

RESOLVED - That the Minutes be confirmed as a correct record.

REASON - They represent an accurate record of the meeting.

C93 MATTERS REFERRED TO CABINET

There were no matters referred back for re-consideration to this meeting.

C94 ISSUES ARISING FROM SCRUTINY COMMITTEE

There were no issues arising from Scrutiny considered at this meeting.

C95 ANNUAL AUDIT LETTER 2019/20

The Cabinet Member with the Resources Portfolio introduced the report of the Managing Director (previously circulated) presenting the Annual Audit Letter for 2019/20 (also previously circulated).

The Annual Audit Letter provided a high level summary of the results from the 2019/20 audit work undertaken by Ernst and Young LLP (EY), the Council's external

auditors; confirmed that the Council's accounts gave a true and fair view for the year ending 31 March 2020; and that the Council had put in place proper arrangements to secure value for money in its use of resources.

A representative from Ernst and Young LLP (EY), presented the main findings from the Annual Audit Letter 2019/20 and stated that, Covid-19 had had an impact on a number of aspects of the 2019/20 audit and that the Council had been issued with an unqualified audit opinion.

RESOLVED - That the Annual Audit Letter 2019/20, as appended to the submitted report, be noted.

REASON - To enable Cabinet to receive the results of external audit work carried out.

C96 KEY DECISIONS:-

(1) SCHOOLS ADMISSIONS 2022/23

The Cabinet Member with the Children and Young People Portfolio introduced the report Director of Children and Adults Services (previously circulated) requesting that consideration be given to the Local Authority's admission arrangements (also previously circulated) for the 2022/23 academic year for maintained schools in the Borough.

The submitted report stated that in line with the School Admissions Code, an Admission Authority was required to annually determine the admission arrangements used to allocate places for schools for which it was the admission authority.

Particular reference was made at the meeting to the number of in-term transfers.

RESOLVED - That the admission arrangements, as appended to the submitted report, for community and voluntary controlled schools for which Darlington Local Authority was the admission authority, be approved.

REASON - All admission authorities are under a statutory duty to determine admission arrangements for schools for which it was the admission authority for the academic year 2022/2023.

(2) HOUSING REVENUE ACCOUNT - MEDIUM TERM FINANCIAL PLAN 2021/22 TO 2024/25

Pursuant to Minute C68(4), the Cabinet Member with the Health and Housing Portfolio introduced the report of the Director of Development and Environment (previously circulated) requesting that consideration be given to proposals for the revenue budget, rent levels and service charges for the Council's Housing Revenue Account (HRA) for the financial year 2021/22 in the context of the HRA Medium Term Financial Plan to 2024/25 and the 30-year Investment Plan.

The submitted report stated that the key decision regarding the HRA was the balance between rent and service charge levels and investment in the housing stock; Local Authorities had discretion to inflate rents by the Consumer Price Index (CPI) plus one

per cent, which would result in an average £1.46 increase in weekly rents; Members could opt for a rent reduction or a rent increase of a lesser amount than CPI plus one per; 73% of tenants would have their rent and service charges covered by benefit payments; and that the Council's rent and service charges tended to be much lower than other Social Landlords operating in Darlington.

It was reported that since Central Government lifted the borrowing cap on the HRA the Council had used the additional capacity to invest in building much needed new homes; in 2021/22 it was planned to borrow an extra £8m to fund the new build programme, to be supplemented with Homes England grant; and it was planned to build 100 affordable homes per annum over the next 10 years.

RESOLVED - That it be recommended to the special meeting of Council scheduled to be held on 18 February 2021, that:-

- (a) an average weekly rent increase of 1.7 per cent for 2021/22, be implemented giving an average social rent of £73.11 and affordable rent of £83.62;
- (b) garage rents and service charges, be increased as shown in Table 3 of the submitted report;
- (c) the budget, as detailed at Appendix 1 of the submitted report, be approved;
- (d) the Housing Investment Plan, as detailed at Appendix 2 of the submitted report, be agreed;
- (e) the Director of Economic Growth and Neighbourhood Services be given delegated powers to proceed with new build schemes for affordable rent using the funding, as identified at paragraph 16 of the submitted report; and
- (f) the Director of Economic Growth and Neighbourhood Services be given delegated powers to acquire dwellings in the private sector as opportunities arise, particularly as part of the regeneration initiatives as highlighted at paragraph 17 of the submitted report.

REASON - To enable the Council to deliver an appropriate level of service to tenants to meet housing need and to support the economic growth of the Borough through housing development.

(3) MEDIUM TERM FINANCIAL PLAN

Pursuant to Minute C68(5)/Jan/20, the Leader introduced the report of the Chief Officers Executive (previously circulated) proposing a Medium Term Financial Plan (MTFP) for 2021/22 to 2024/25 (also previously circulated), including setting a budget and council tax increase for 2020/21, to Council for approval on 18 February 2021.

The submitted report stated that over the last decade, the Council had faced significant challenges following the economic downturn and reduction in public sector spending; to date the Council had been successful in responding to those challenges but that this was becoming increasingly difficult; there were still financial pressures to be faced, particularly in respect of a growing elderly population, pressure in the

children's social care sector and the economic impact of Covid-19; Darlington's economy continued to be the Council's top priority; and that the draft Local Government Finance Settlement (LGFS) had been received on 17 December 2020 which had confirmed a number of funding streams.

It was reported that the Council undertook a significant consultation exercise in 2016, following an in-depth and detailed review of all services which resulted in the agreement of a Core Offer budget which allowed for a small futures fund allocated to discretionary services; in subsequent MTFP's the Council had agreed to use unallocated balances of £6.5m to invest in five areas which held great value to the community; the Core Offer remained challenging with significant pressures arising from social care and the impact of Covid-19; through innovative financial investments and increased income from economic growth successes, the Council could still deliver the agreed plan whilst retaining usable balances of £3.738m; and that the Council's financial position was robust with a four year balanced MTFP with funds available for investment which would be delegated to Cabinet.

Details of the projected expenditure and income, budget pressures and savings, schedule of fees and charges, assumptions used to prepare estimates, projected Revenue Outturn 2020/21, assessment of risk balances, were also appended to the submitted report.

The Deputy Leader made particular reference at the meeting to the creation of the Stronger Communities Fund (SCF) which would provide funding to all Members to utilise at their discretion to deliver the objectives of the Fund.

The Chair of the Economy and Resources Scrutiny Committee stated that feedback from each of the Council's Scrutiny Committees on the MTFP had been considered at the meeting of the Economy and Resources Scrutiny Committee held on 19 January 2021; there was a majority support for the Council Tax increase of 1.9 per cent, Adult Social Care Precept of three per cent and the fees and charges levels; proposed changes to the MTFP in relation to not increasing junior swim and providing funding for climate change, which had been taken on board and reflected in the current MTFP; and that he had received a letter from the Chair of the Children and Young People Scrutiny Committee in respect of the concerns relating to the recommendations from that Scrutiny Committee.

Particular references were made at the meeting to a number of additional items that had been included within the MTFP, which Scrutiny and Members, had not had the opportunity to be consulted upon; the funding for the Climate Change Working Group; and the decision not to increase the junior swim prices.

RESOLVED - That the Revenue Medium Term Financial Plan, as set out in Appendix 7 of the submitted report, be approved, and it be recommended to the special meeting of Council on the 18 February 2021, including the following:-

- (a) a Council Tax increase of 1.99 per cent plus a three per cent Adult Social Care precept to help fund social care for 2021/22 totalling 4.99 per cent;
- (b) the Schedule of Charges, as set out in Appendix 3 of the submitted report; and

- (c) the continuation of the Futures Fund into 2024/25, as set out in paragraph 62 of the submitted report.

REASONS - (a) The Council must set a budget for the next financial year.

(b) To enable the Council to continue to plan services and finances over the medium term.

(c) To ensure decisions can be made in a timely manner.

(4) DARLINGTON CAPITAL STRATEGY

The Leader introduced the report of the Chief Officers Executive (previously circulated) requesting that consideration be given to the Council's proposed Capital Strategy for 2021/22, incorporating the capital programme priorities.

The submitted report stated that the revised Prudential Code for Capital Finance in Local Authorities 2017 required every Council to publish a Capital Strategy and review it on an annual basis; in accordance with those regulations, the Council published its first strategy in 2019/20; the Strategy was an evolving document; and that it incorporated the Capital Programme (also previously circulated) for approval.

It was reported that the Strategy provided an overview of how capital expenditure and financing plans were decided upon; provided the framework for the development, management and monitoring of the Council's capital investment plans; focused on core principles that underpinned the Council's four-year capital programme and governance framework which was in place; the Strategy highlighted the resource streams available in terms of funding to the Council and the risk management approach taken; and it maintained a strong and current link to the Council's priorities and to its key strategy documents such as the Treasury Management Strategy, Medium Term Financial Plan and the Council Plan.

RESOLVED - That it be recommended to the special meeting of Council scheduled to be held on 18 February 2021, that :-

- (a) the Capital Strategy for 2021/22 to 2024/25, as detailed at Appendix 1 of the submitted report, be approved; and
- (b) the Capital Programme, as detailed at Appendix 2 of the submitted report, with priorities summarised in Annex A of the submitted report, be approved.

REASONS - (a) To ensure the Council adopts the Prudential Code for Capital Finance 2017.

(b) To enable the Council to invest in its assets.

(c) The Strategy is approved by Council.

C97 CALENDAR OF COUNCIL AND COMMITTEE MEETINGS 2021/22

The Leader introduced the report of the Managing Director (previously circulated) requesting that consideration be given to the Calendar of Council and Committee Meetings for the 2021/22 Municipal Year (also previously circulated).

RESOLVED - That the Calendar of Council and Committee Meetings 2021/22, as appended to the submitted report, be approved, and the proposed dates for the meetings of Council be referred to the Annual Council meeting scheduled to be held on Thursday 20 May 2020, for approval.

REASON - To ensure that the calendar of meetings is approved for the forthcoming municipal year.

C98 PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY 2021/22

The Cabinet Member with the Resources Portfolio introduced the report of the Managing Director (previously circulated) requesting consideration be given to reviewing the Prudential Indicators and Limits for 2021/22 to 2023/24 relating to capital expenditure and Treasury Management activity; a policy statement relating to the Minimum Revenue Provision; and the Treasury Management Strategy 2021/22, which includes the Annual Investment Strategy for 2021/22.

The submitted report outlined the Council's Prudential Indicators for 2021/22 to 2023/24 and sets out the expected treasury operations for that period and reported that the expenditure plans, Treasury Management and Prudential Borrowing activities indicated that they were within the statutory framework and consistent with the relevant codes of practice, were prudent, affordable and sustainable and were an integral part of the Council's Revenue and Capital Medium Term Financial Plans.

The submitted report also included a Treasury Management Strategy for 2021/22, covering the Council's debt and investment projections estimates and limits on future debt, expected movements in interest rates and the Council's borrowing and investment strategies for future years. Key objectives of the investment strategy were outlined noting that the primary objective was the safeguarding of the repayment of principal due to the Council, ensuring adequate liquidity of those investments and finally the rate of return on the investment.

RESOLVED - That it be recommended to the special meeting of Council scheduled to be held on 18 February 2021 that:-

(a) the Prudential Indicators and limits for 2021/22 to 2023/24, as summarised in Tables 1 and 2 of the submitted report, be approved;

(b) the Minimum Revenue Provision (MRP) statement, as detailed in paragraphs 33 to 37 of the submitted report, be approved;

(c) the Treasury Management Strategy 2021/22 to 2023/24, as summarised in paragraphs 41 to 69 of the submitted report be approved; and

(d) the Annual Investment Strategy 2021/22, as contained in paragraphs 70 to 107 of

the submitted report, be approved.

REASONS - (a) In order to comply with the Prudential Code for Capital Finance in Local Authorities and the Ministry of Housing, Communities & Local Government (MHCLG) guidance on investments.

(b) To comply with the requirements of the Local Government Act 2003.

(c) To approve a framework for officers to work within when making investment decisions.

C99 PROJECT POSITION STATEMENT AND CAPITAL PROGRAMME MONITORING - QUARTER THREE 2020/21

The Cabinet Member with the Resources Portfolio introduced the report of the Managing Director and Director of Economic Growth and Neighbourhood Services (previously circulated) providing a summary of the latest Capital resource and commitment position, to inform monitoring of the affordability and funding of the Council's capital programme; an update on the current status of all construction projects currently being undertaken by the Council; and requesting that consideration be given to a number of changes to the programme.

The submitted report stated that the projected outturn of the current Capital Programme was £261.789m against an approved programme of £262.014m; the investment was delivering a wide range of improvements to the Council's assets and services; the programme, including commitments, remained affordable within the MTFP for 2020/21 to 2023/24; the Council had 40 live projects, with an overall projected outturn value of £127.405, the majority of which were running to time with no foreseeable issues; and that the projects were managed either by the Council's in-house management team, a Framework Partner or by Consultants source via an open/OJEU tender process.

RESOLVED - (a) That the status position on construction projects, as detailed in the submitted report, be noted.

(b) That the projected capital expenditure and resources, as detailed in the submitted report, be noted.

(c) That the adjustments to resources, as detailed in paragraph 22 of the submitted report, be approved.

REASONS - (a) To inform Cabinet of the current status of construction projects.

(b) To make Cabinet aware of the latest financial position of the Council.

(c) To maintain effective management of resources.

C100 REVENUE BUDGET MONITORING 2020/21 - QUARTER 3

The Cabinet Member with the Resources Portfolio introduced the report of the Managing Director (previously circulated) providing an up-to-date forecast of the

2020/21 revenue budget outturn as part of the Council's continuous financial management process.

The submitted report stated that it was the third revenue budget management report to Cabinet for 2020/21; the impact of Covid-19 on both expenditure and income levels was projected to be significant; to date the Government had provided a grant of £8.682m to assist with pressures; the Government announced a further package of support to help reimburse lost income and this additional funding was anticipated to be £2.681m this financial year; the Government also announced that it would fund 75 per cent of the 2020/21 collection fund deficit which was anticipated at £1.196m; and that should all funding come to fruition it was estimated that there would be a Covid-19 surplus for 2020/21 of £1.654m; and that it was proposed to create an earmarked Covid-19 reserve that would be used to fund the pressures that would undoubtedly continue into the next financial year and beyond.

Reference was also made to the budget rebasing exercise that had been undertaken following the outturn position which had returned £0.897m into general reserves; the year-end projection, taking into account the Covid-19 pressures, anticipated grants, the rebasing exercise and savings, showed an overall improvement in 2020/21 financial position of £2.943m; and to concerns for future years.

RESOLVED - (a) That the financial position in the forecast revenue outturn for 2020/21, as detailed in the submitted report, be noted.

(b) That the Covid-19 pressures and government grants received to date, as detailed in the submitted report, be noted.

(c) That further regular reports be made to monitor progress and take prompt action if necessary.

(d) That the earmarked Covid-19 reserve, as detailed in the submitted report, be approved.

(e) That carry forwards requested, as detailed in the submitted report, be agreed.

REASONS - (a) To continue effective management of resources.

(b) To continue to deliver services to agreed levels.

C101 ACQUISITION OF LAND AT SNIPE LANE, DARLINGTON

The Cabinet Member with the Resources Portfolio introduced the report of the Director of Economic Growth and Neighbourhood Services (previously circulated) requesting that consideration be given to acquiring 11.16 acres of land at Snipe Lane, as shown hatched and cross-hatched on the plan at appended to the submitted report, for future residential development and to secure withdrawal of objections to the Snipe Lane Compulsory Purchase Order (CPO).

The submitted report stated that the withdrawal of objections would allow early confirmation of the CPO by the Secretary of State which in turn would enable the Council and its Joint Venture (JV) partner (ESH) to enter into contracts for provision

of infrastructure; in March 2018 (Minute C127/Mar/20 refers) approval had been given to the acquisition of land from Darlington Farmers Auction Mart (DFAM) adjacent to Snipe Lane for development to provide 450 new homes, including 300 affordable homes; a JVC to deliver infrastructure and to deliver and sell houses had been established; and that approval had been given to the use of a CPO at the Executive Decision Session held in April 2020 (Minute 3/Apr/20 refers) to acquire part of Snipe Lane itself, which was in unknown ownership and was required to guarantee access to the proposed development.

It was reported that a number of plots of land would be accessed from Snipe Lane as well as the Council's land; two owners of land had registered a caution against first registration of Snipe Lane and a right of way over it and they had formally objected to the CPO via agents; and that during informal negotiations both objecting owners had agreed terms to sell their land interests to the Council which would result in the withdrawal of their objections to the CPO and secure land for future development.

RESOLVED - (a) That the acquisition of land, as shown on the plan appended to the submitted report, be approved, on the terms, as set out in Appendix 2 of the submitted report.

(b) That the Assistant Director for Law and Governance be authorised to complete the transfers of land accordingly.

REASONS - (a) To secure the withdrawal of objections to the Snipe Lane CPO.

(b) To secure land for future residential development.

C102 SCHEDULE OF TRANSACTIONS

The Cabinet Member with the Resources Portfolio introduced the report of the Director of Economic Growth and Neighbourhood Services (previously circulated) requesting that consideration be given to the Schedule of Transactions (also previously circulated).

RESOLVED – That the Schedule of Transactions, as detailed in the submitted report, be approved, and the transactions be completed on the terms and conditions detailed therein.

REASONS – The terms negotiated require approval by Cabinet before binding itself contractually to a transaction.

C103 MEMBERSHIP CHANGES - TO CONSIDER ANY MEMBERSHIP CHANGES TO OTHER BODIES TO WHICH CABINET APPOINTS.

There were no membership changes reported at the meeting.

C104 TO CONSIDER THE EXCLUSION OF THE PUBLIC AND PRESS :-

That, pursuant to Sections 100A(4) and (5) of the Local Government Act 1972, the public be excluded from the meeting during the consideration of the ensuing item on the grounds that it involves the likely disclosure of exempt information as defined in

exclusion paragraph 3 of Part I of Schedule 12A to the Act.

**DECISIONS DATED –
FRIDAY 12 FEBRUARY 2021**