

ECONOMY AND RESOURCES SCRUTINY COMMITTEE

Thursday, 6 January 2022

PLEASE NOTE THAT THIS WAS NOT A FORMALLY CONSTITUTED MEETING, AND THAT THIS IS A 'NOTE' OF THE INFORMAL MEETING THAT TOOK PLACE.

PRESENT – Councillors Renton (Chair), Bartch, Boddy, Crudass, Harker, Mrs D Jones and McEwan

APOLOGIES – Councillors L Hughes, Paley and Wright

ABSENT –

ALSO IN ATTENDANCE – Councillor Marshall

OFFICERS IN ATTENDANCE – Elizabeth Davison (Group Director of Operations), Mark Ladyman (Assistant Director Economic Growth), Brett Nielsen (Assistant Director Resources), Anthony Sandys (Assistant Director - Housing and Revenues), Claire Gardner-Queen (Housing Manager) and Shirley Wright (Democratic Manager)

DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

MEDIUM TERM FINANCIAL PLAN 2022/23 TO 2025/26

The Assistant Director Resources submitted a report (previously circulated) requesting that consideration be given to the draft Medium Term Financial Plan (MTFP) for 2022/23 to 2025/26, which had been agreed by Cabinet at its meeting held on 7 December 2021 as a basis for consultation.

The Group Director of Operations referred Members to a briefing which had been offered to all Members on the background and the overall proposals contained within the MTFP 2022/23 to 2025/26 and requested that Members of this Scrutiny Committee now consider those services and finances specifically within the remit of this Scrutiny Committee to enable a response to be formulated to Cabinet as part of the consultation exercise.

The Group Director of Operations provided an update on the finance settlement which had been received on 16 December 2021, following approval of the draft MTFP by Cabinet and the subsequent impact this settlement had on the assumptions made within that approved draft MTFP.

It was reported that the £1.5 billion funding which had been announced in the Autumn statement had been split with £822 million being allocated to the Services Grant and £636 million for social care specifically, with Darlington's allocation being £1.579 million and £1.162 million respectively, which was slightly higher than the figure initially included within the draft MTFP, however, Members were advised that the Services Grant was a one-off allocation whilst a further review of Local Government funding was conducted.

Members were advised that the New Homes Bonus had been extended for a further year,

and that this would net approximately £1.4 million above anticipated levels in the MTFP, and, although there were a number of reductions from the initial draft figures, with the Top Up grant not being as high as expected, it was reported that there would be an additional £1.073 million funding for 2022/23 from the finance settlement.

Following a question from a Member in relation to the Services Grant and the funding for social care, it was reported that the Services Grant was for one year only and although the social care grant was recurring, there were no guarantees that this would continue. However, Members were advised that the recurring grant funding would be included in the Council's base line for future settlements and therefore would be included in transitional arrangements if there were reductions in future funding settlements.

In summary, the Group Director of Operations reported that the settlement was good news for 2022/23, however, the four-year MTFP position would still be challenging.

Discussion ensued on the New Homes Bonus and the criteria for that funding which it was clarified was only for those void properties which had already been brought back into use or new properties already constructed and was not applicable to future years property changes; the anticipated efficiencies and savings which were included within appendix 2 of the submitted report; whether consideration had been given as to how the additional £1.073 million funding from the finance settlement might be used to support the MTFP; the need to continue to lobby Government in relation to the inequality of the percentage rises in Council Tax; the recognition of that by the Government through the provision of the Lower Services Tier grant and any work which was being done by Cabinet to plan for the projected budget deficit over the four-year period.

Reference was also made to the continuing longer-term strategy of the Authority to grow the economy as the driver to deliver the long-term vision for the Borough;

(a) That Cabinet be advised that, following consideration, the following is this Scrutiny Committee's views on the draft MTFP 2022/23 to 2025/26 :-

- (i) the Leader and the Cabinet Member for Resources should continue to lobby the Government in relation to the need for increased funding;
- (ii) Cabinet should ensure work is undertaken to plan for the projected budget deficit over the four-year period of the MTFP, including details of what steps and actions might need to be taken; and
- (iii) a comprehensive communication strategy should be developed to better inform residents of the Borough of the reasons for the proposed increase in Council Tax and how the funding is being spent to deliver services

(b) That the Chair, in consultation with the Lead Scrutiny Officers supporting this Scrutiny Committee, be given authority to agree the notes of this Scrutiny Committee scheduled to be held on 20 January 2022.