

ECONOMY AND RESOURCES SCRUTINY COMMITTEE

Thursday, 9 January 2025

PRESENT – Councillors , Coe, Baker, Dillon, Durham, Henderson, Marshall, McGill and Mrs Scott

APOLOGIES – Councillors Haszeldine and Ray

ALSO IN ATTENDANCE – Councillor McEwan (Deputy Leader and Cabinet Member for Economy) and Councillor Porter (Cabinet Member for Resources)

OFFICERS IN ATTENDANCE – Mark Ladyman (Assistant Director Economic Growth), Brett Nielsen (Assistant Director Resources), Anthony Hewitt (Assistant Director Highways and Capital Projects), Anthony Sandys (Assistant Director - Housing and Revenues) and Olivia Hugill (Democratic Officer)

ER120 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

ER121 TO APPROVE THE MINUTES OF THE MEETING OF THIS SCRUTINY COMMITTEE HELD ON 31 OCTOBER 2024

RESOLVED – That the Minutes of the meeting of this Scrutiny Committee held on 31 October 2024 be approved as a correct record.

ER122 MEDIUM-TERM FINANCIAL PLAN

The Assistant Director, Resources, submitted a report (previously circulated), which invited Members to give consideration to the Medium Term Financial Plan (MTFP) for 2025/26 to 2028/29, and forward any views.

The submitted report stated that the MTFP had been agreed by Cabinet on 3 December 2024 as the basis for consultation, and Members were asked to discuss and consider the overall contents of the MTFP, however, with particular emphasis on those services and finances within the MTFP which specifically related to those areas within their remit, and forward any views to a Special Meeting of the Economy and Resources Scrutiny Committee, to be held on 20 January 2024, for consideration. It was reported that the Economy and Resources Scrutiny Committee would then agree a formal response to Cabinet on behalf of all the Scrutiny Committees, as part of the consultation.

A briefing was delivered to Councillors on 11 December 2024 which provided an overview and highlighted key points in the plan. It was noted that since the MTFP had been published for consultation, the Council had received notification of the draft financial settlement for 2025/26.

The Assistant Director Resources gave an update of the headline changes to funding from the draft settlement which included:

- The settlement provides draft allocations for 2025/26 only.
- Additional funding from the Chancellors budget has been allocated through an increase in Social Care grant and a new Recovery grant, we estimate to receive circa. £1m more than estimated.
- Several Children's Social Care grants have continued and rolled together, increasing resources by circa £0.7m.
- A new Children's Social Care Prevention grant, £0.6m.
- The New Homes Bonus has been extended for one year, £0.545m.
- The Services grant has ended reducing income by £0.166m.
- No allocations have been received for the National Insurance offset, but £515m has been allocated nationally and it is estimated the grant will be £0.67m less than included in the MTFP. There is no allocation for the HRA or suppliers through this grant.
- There will be updates to the expenditure since the MTFP was published for example CPI inflationary and demand changes which will offset these changes.
- The Council has also received an allocation for Extended Producer Responsibility for packaging of £2.6m, officers are working through the additional service requirements this funding brings.
- In summary the draft settlement for 2025/26 is positive, but there remains a significant annual funding deficit.

Members recognised that the MTFP was subject to change due to the confirmation of the Central Government Funding, further clarification was sought around the Council's estimated income for the period of this plan and whether estimates would be updated and circulated.

Conversation ensued around the price inflation, how the largest element which had increased was ICT costs. Member asked if delaying the software systems had been considered to save in these areas.

Members discussed the Leisure facilities such as the Dolphin Centre, Hippodrome etc had been ran with a financial subsidy, Members wanted clarification whether these facilities had been operating at a loss.

Conversation continued regarding the Risk Reserve, Members wanted to comprehend what this would cover and if this was different to the General Reserves. Confirmation was sought around the utilisation of the Risk Reserves and what other Reserves the Council holds.

Members discussed the Council's estimated income around the National Insurance Offset, Members asked how much National Insurance will cost to the Council, officers advised that that allocations had not been received as yet, but estimated a shortfall on the general fund directly employed staff of circa £0.670m and additionally there is no funding for staff or charges into the Housing Revenue Account and there is no funding for suppliers in this allocation. Allocations will be received in the final settlement.

The report explained main area of reduced income in Financing costs was due to a change in

reporting requirements for the Minimum Revenue Provision, Members wanted to recognize what had changed in the MRP.

Conversation ensued around the increase in Pre-Application Planning Advice fees, Members sought further reasoning on this, officers advised that increase is to reflect the quality of the advice that the Council Offers.

The Committee questioned whether up to date figures will be presented at the Special Meeting of the Economy and Resources Scrutiny Committee on the 20th of January.

Members mentioned that they would like to see the Stronger Community Fund continue for the 2025/26 Financial Year.

RESOLVED – (a) The majority view of this Scrutiny Committee is that it could support the MTFP in its current form.

That the minority view of this Scrutiny Committee is that it could not support the MTFP in its current form due to the increase in parking charges and licencing costs.

(b) That the report be noted, and that the Chair of this meeting, in consultation with the Lead Scrutiny Officers supporting this Scrutiny Committee, be given authority to agree the Minutes of this Ordinary Meeting of the Scrutiny Committee, in order to enable the Minutes to be considered at a Special Meeting of the Economy and Resources Scrutiny Committee, scheduled to be held on 20 January 2025.

ER123 SECTION 106 FUNDING

The Chief Executive submitted a report (previously circulated) providing Members with an update on the position with respect to Planning Section 106 (S106) Agreements of its information and monitoring.

The report explained that the S106 agreements are legal agreements which have secured financial contributions from developers to run in tandem with planning permissions, to make developments acceptable and fund infrastructure in the vicinity of the development.

The report included information which showed the current position in relation to the live S106 agreements as of November 2024. It was explained that the live S106 planning agreements currently had a total value of £33.5m and from these agreements the Council had received £19.9m and in that respect £9.4m had been spent on obligations agreed with developers. It was also stated that the remaining amount of money had been allocated to infrastructure projects which were either in progress or had been planned to be so.

Conversation ensued around the £19.9m of £33.5m had been received by the council, Members wanted clarification whether there was any risk of the Council not to receive the remaining.

Members wanted to understand whether the money had to be spent by certain dates and whether applications put in are discussed with the appropriate Local Ward Councillors.

Conversation followed with regards to the Sustainable Transport Contribution, the report detailed a £1.5M contribution towards Teeside International Airport, Members queried what this was for.

RESOLVED - That Members noted the report.

ER124 DARLINGTON MARKET UPDATE

The Chief Executive submitted a report (previously circulated) which provided an update for Members on the position with respect to the redevelopment of the Darlington Indoor Market.

It was explained that in 2017 the Council entered a lease/partnership agreement with the Market Asset Management Ltd (MAM) for the management, refurbishment of the Victorian Indoor Market and the management and improvement of the Darlington's Outdoor Market. The report also explained that it was not a management agreement, but it was based on a long-term lease with MAM and the Council.

The report clarified that during a period of tenancy negotiations within the indoor market and from the impact of Covid 19 restrictions on the refurbishment of the indoor market commenced. The report detailed the phases of the development of the indoor market.

The report included the new stalls and other various groups who had utilised the indoor market for events and some private sector organisations which hosted corporate meetings.

The report also stated that the Outdoor Market which MAM operated had witnessed a significant growth because of various developments, with its income had gone up by 116% on last year and capacity often at its limit on Mondays and Saturdays.

It was stated during the meeting that phase 3 of the improvements had now been completed.

Members asked what the current vacancy rate was for the indoor market and requested further clarification around the high turn over for the food stalls, officers explained that the turnover had now settled.

Members asked whether local events in the indoor market could be a useful for publication of the Indoor and Outdoor Markets.

RESOLVED – That Members note the report.

ER125 DARLINGTON TOWN FUND

The Chief Executive submitted a report (previously circulated) which provided an update to Members on the progress of the current position with regard to the Towns Fund programme within Darlington.

The report stated that the Council had an allocation of £23.3M capital funding from the Government to fund projects to revitalise and improve the town along with £446,000

revenue funding to enable programme development.

The report noted the funding success this included T-Levels facility, Skinnergate & The Yards, Victoria Road, contribution of £4.508M to the development of the completed Hopetown Visitor attraction in Northgate and the acquisition of properties and land to enable further intervention projects. Alongside the success the report detailed the projects which had a higher risk of delivery within the timescale of the Town Fund.

Also included in the report were the projects that had been announced and progressed within the Town Fund. However, the allocation of the budget had been paused to enable further consideration by Government, notification had been received that the proposal is to allocate this funding to the Council but guidance from the Government in regards to this is still awaited.

Members expressed their disappointment with regards to Northgate House, Officers explained that this was due to the lack of communication from the property owners to Council Officers and that the Council is still working on an outcome.

Members wanted to know if officers had received any information regarding the success of the T Facility at Darlington College. The Committee also asked if a breakdown of the remaining funds could be given and where it would be spent.

RESOLVED - That members noted the report.

ER126 CLIMATE CHANGE BRIEFING NOTE

The Climate Change Briefing note had been updated for Members to utilise during Scrutiny Meetings. The note explained how scrutiny had a critical role to play in cross-cutting Climate Change issues and that tackling Climate Change is a shared responsibility.

RESOLVED - That Members note the updated Climate Change Briefing.

ER127 WORK PROGRAMME

The Assistant Director Law and Governance submitted a report (previously circulated) requesting that consideration be given to this Scrutiny Committee's work programme.

RESOLVED – That Members noted the report.