

COUNCIL
30 JANUARY 2025

OVERVIEW OF ECONOMY AND RESOURCES SCRUTINY COMMITTEE

1. Since the last meeting of the Council, the following are the main areas of work the Economy and Resources Scrutiny Committee has undertaken.

Medium Term Financial Plan

2. We received a report, which invited us to give consideration to the Medium Term Financial Plan (MTFP) for 2025/26 to 2028/29, and forward any views.
3. 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.
4. 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.
5. We 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.

6. We discussed the price inflation and how the largest element which had increased was ICT costs. We asked if delaying the software systems had been considered to save in these areas.
7. We discussed the Leisure facilities such as the Dolphin Centre, Hippodrome etc which had been ran with a financial subsidy, we wanted clarification whether these facilities had been operating at a loss.
8. We discussed the Risk Reserve, we 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.
9. We 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.
10. The report explained main area of reduced income in Financing costs was due to a change in reporting requirements for the Minimum Revenue Provision, we wanted to recognise what had changed in the MRP.
11. We discussed 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.
12. We mentioned that we would like to see the Stronger Community Fund continue for the 2025/26 Financial Year.

Section 106 Funding

13. We received a report which provided us with an update on the position with respect to Planning Section 106 (S106) Agreements of its information and monitoring.
14. 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.
15. 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.
16. We ensued into conversation around the £19.9m of £33.5m which had been received by the council, we wanted clarification whether there was any risk of the Council not to receive the remaining.

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

Darlington Market Update

19. We received a report which provided an update for us on the position with respect to the redevelopment of the Darlington Indoor Market.
20. 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.
21. 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.
22. 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.
23. 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.
24. It was stated during the meeting that phase 3 of the improvements had now been completed.
25. We 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.
26. We asked whether local events in the indoor market could be a useful for publication of the Indoor and Outdoor Markets.

Darlington Town Fund

27. We received a report which provided an update to us on the progress of the current position with regard to the Towns Fund programme within Darlington.
28. 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.

29. We noted the funding included T-Levels facility, Skinnergate & The Yards, Victoria Road, a contribution of £4.508M to the development of the completed Hopetown Visitor attraction and 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.
30. 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 is now awaited.
31. We expressed our 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.
32. We wanted to know if officers had received any information regarding the success of the T-Levels facility at Darlington College. We also asked if a breakdown of the remaining funds could be given and where it would be spent.

Skerningham Masterplan

33. We received a report which was submitted following the receipt of a “call-in” from Cabinet held on 3 December 2024 (Minute C76) in relation to its decision in respect of the Skerningham Masterplan. The ‘call-in’ was submitted by four Members of this Scrutiny Committee.
34. We invited those Members who had signed the documentation and who had requested that the decision be ‘called-in’ to outline their reasons for that decision and, in doing so, the Members raised questions and sought clarification to understand the School Yields data in respect of these assumptions and the discrepancy between the Council’s numbers, the Department of Education’s numbers and the Local Plan; to review recent traffic modelling in respect of additional car journeys and the road capacity to ensure the infrastructure phasing is acceptable; and to review relevant documents that considered the routes of the Skerningham Masterplan, to see why the decision was taken to choose an option that goes through Skerningham Woods.
35. The meeting was opened up to questions in the order of the documentation given by the 4 Members of the Committee. It was asked if there is a legal duty for Council’s and DFE’s numbers to match, and officers explained that the Council’s numbers are based on the national average across England, and that latest figures from July had been given to the developers. We asked for a breakdown on how the Council will obtain these numbers based on Darlington’s school for this development.
36. We asked for further clarification on how many secondary school children will be able to attend the Education Village during Phase 1 of the development, or if they would have to attend Longfield Academy. Officers explained that due to the new Ofsted Inspection carried out at Longfield Academy it is expected for numbers to become available at the Education Village.

37. We scrutinised whether the number of spaces available at Longfield Academy had also included the consideration of the Burtree Garden Village Development. Officers explained that all housing developments are included in the pupil projections. We asked how the layout of the Skerningham Masterplan would affect Longfield Academy, and the Education Village based on what part of the development people would reside in. Officers advised that each development is assigned a school, but also parental preference will be factored in too.
38. Questions then moved on to the second part of the document submitted by the 4 members of the Scrutiny Committee, we stated that we would find an updated Traffic Modelling useful. Officers advised that the Traffic Model is reliable and valid for 5 years.
39. We referred to paragraph 15 of the Cabinet Report and asked for clarity with regards to how the Masterplan Document sits underneath the Local Plan and Design code. Conversation then ensued onto the Distributor Road and the bridge scheduled in the final Phase. We scrutinised whether there would be issues with the initiation of the distributor road until the Little Burden Roundabout improvements had been completed. Other attendees of the meeting wanted clarification on how the traffic around the Whinfield area would be able to cope with the Development.
40. Questions opened for the final part of the document signed by Members of the Committee. Members went on to discuss how the Masterplan should have included precise details of the Distributor Road that would go through Skerningham Woods.
41. In relation to all three of the areas specified in the call in, having considered and heard all the information presented at the meeting, we felt satisfied with the decision of Cabinet at Minute C76 and that no further action in relation to the call in was required.

Councillor Rebecca Baker
Chair Economy and Resources Scrutiny Committee