

ECONOMY AND RESOURCES SCRUTINY COMMITTEE

Thursday, 9 January 2020

PRESENT – Councillors Durham (Chair), Allen, Bartch, Harker, L Hughes, Keir, McEwan, Paley and Renton

APOLOGIES – Councillors Mrs D Jones and K Nicholson

ABSENT –

ALSO IN ATTENDANCE –

OFFICERS IN ATTENDANCE – Paul Wildsmith (Managing Director), Elizabeth Davison (Assistant Director Resources) and Shirley Wright (Democratic Manager)

ER24 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

ER25 MEDIUM TERM FINANCIAL PLAN

The Chief Officers Executive submitted a report (previously circulated) which had been considered by Cabinet at its meeting held on 7 January, 2020, proposing a Medium-Term Financial Plan (MTFP) for 2020/21 to 2023/24 for consultation, including setting a budget and council tax increase for 2020/21.

The Assistant Director Resources outlined the background to the preparation of the MTFP and referred to the significant consultation exercise which had been undertaken in 2016 following an in-depth and detailed review of all of the Council's services and which had resulted in the agreement of a 'Core Offer' budget which reduced expenditure and services to a risk based minimal level with a small investment Futures Fund to be allocated to discretionary services. It was also reported that in subsequent MTFP's unallocated balances of £4.7 million had been used to invest in five priority areas of Community Safety, maintaining an attractive street environment, maintaining a vibrant Town centre, developing an attractive visitor economy and neighbourhood renewal.

Officers reported that the core offer budget remained challenging with some significant pressures which were highlighted within the submitted report, particularly in relation to Children's Social Care and particular reference was made to a grant of £1.2 million which had been awarded by the DfE to assist in transforming social care practice within Darlington. It was hoped that this work, which aimed to improve outcomes for children, focus on prevention and reduce the number of children in care, would ultimately reduce that budget pressure, however, following questions by Members, it was confirmed that, at this point, this was still an on-going budget pressure.

The submitted report also highlighted a number of savings within the Plan and it was reported that the largest saving was from a reduction in anticipated pension scheme

contributions. A triennial review of the pension fund had concluded that the Darlington scheme was 98.6 per cent funded, therefore less past service deficit contributions than anticipated were required in the next three years.

The Assistant Director reported that taking into account all of the pressures and savings highlighted within the report, the projected expenditure for 2020/21 was just under £90 million.

In relation to income, it was reported that the draft budget had been prepared on a number of assumptions, however following the receipt of the Local Government Finance Settlement, those assumptions had proved to be fairly accurate and, based on the income and expenditure analysis contained within the submitted report, along with the use of agreed balances, a balanced budget was presented. It was reported that the MTFP assumed a two per cent Council tax rise each year of the plan and a two per cent Adult Social Care precept in 2020/21.

The Assistant Director reported that by 2023/24 there would be a projected general fund balance of £6.075 million, however, those balances relied on building around 430 houses per year and no significant overspending. Balancing the MTFP required the use of reserves and it was suggested that any unallocated balances should be used to minimise on-going committed annual spending to assist and work towards eradicating future years' funding gaps and to further invest in the Futures Fund to stimulate growth and invest in communities over the duration of the MTFP. Members were advised that Cabinet had therefore agreed that £1.800 million of the unallocated balances should be utilised for the Futures Fund to replenish priority funding and support the Council's on-going priorities for a further two years to 2023/24.

Particular reference was made to an anticipated increase in expenditure in relation to Concessionary Fares, the assumption, within the estimates, that the Social Care Support Grant would be continued; the level of certainty around the financing costs; the assumption within the Plan of a two per cent increase in Council Tax for each year of the Plan; the ability to increase the adult social care precept in 2020/21 to fund social care and the level of risk around the National Non-Domestic Rates which was far more volatile than the Council Tax base.

Discussion also ensued on the fees and charges which the Council was able to vary for its services, however, it was reported that a cautious approach to this was required as the services were very much based on supply and demand and outpricing services could ultimately result in a reduction in income.

Members requested that they be provided with further information in relation to staffing, the impact of any pay awards, staff numbers and the number of employees on zero hours contracts.

RESOLVED – (a) That a further meeting of this Scrutiny Committee be held on 23 January, 2020 to consider all of the responses of this Council's Scrutiny Committee's in relation to the Medium-Term Financial Plan and to formulate a co-ordinated response to Cabinet.

(b) That any further questions Members of this Scrutiny Committee may have prior to the next meeting be forwarded to the Chair and the Assistant Director Resources for

consideration and response.

ER26 COUNCIL PLAN 2020/23

The Chief Officers Executive submitted a report (previously circulated) which had been considered by Cabinet at its meeting held on 7 January, 2020 proposing the Council Plan 2020-2023 for consultation.

It was reported that the Plan, which set out the vision and priorities of the Council, had been reviewed to reflect the vision and priorities of the new Council administration, however, it continued to support the key aims of the Community Strategy – One Darlington Perfectly Placed and continued to build on the work undertaken in previous years.

RESOLVED - That Cabinet be advised that this Scrutiny Committee has no comments on the draft Council Plan 2020-23.