

MIDDLESBROUGH COUNCIL

COUNCIL

REVENUE BUDGET, COUNCIL TAX, MEDIUM TERM FINANCIAL PLAN AND PRUDENTIAL INDICATORS 2017/2018

Elected Mayor: David Budd

**Strategic Director – Finance, Governance and Support:
James Bromiley**

1st March 2017

PURPOSE OF THE REPORT

1. This report presents the recommended Revenue Budget , Council Tax and Prudential Indicators for 2017/2018
2. Following on from the previous report approved first by Executive and then by Council on 30 November 2016, this report provides a refreshed Medium Term Financial Plan, including Investment Strategy, for the period 2017/2018 to 2020/2021 to reflect the 2017/18 Local Government Finance Settlement.
3. The Medium Term Financial Plan update in this report is integrated with and updates the £117.1 million Investment Strategy for Middlesbrough, supported by £73.7 million of the Council's own resources, agreed by council on 30 November 2016.
4. This budget continues to support the Mayor's commitment to invest in Middlesbrough and transform service delivery for residents. It is intended that through this strategy the Council can achieve the challenging financial targets faced in the Medium Term Financial Plan period whilst ensuring that there is a minimum impact on the level of service delivered to the public.

SUMMARY OF RECOMMENDATIONS

5. It is recommended that:
 - a) the budget reductions outlined at Appendix A be approved;
 - b) The budget requirement for 2017/2018 is set at £113,669,000, as detailed in Appendix B;

- c) Having taken into account the matters set out in Section 32 of the Local Government Act 1992 and the items set out within the report that the Executive agree the basic amount of Council Tax (Band D) for 2017/2018 be £ 1,492.34 being a 1.99% increase in general Council Tax and an annual precept of 2.00% for adult social care which was introduced by Government in November 2015 to contribute towards the shortfall of funding for social care. In total this represents an increase of 3.99% in the Band D Council Tax for the whole of the Borough;
- d) Members approve the basic amount of Council Tax in areas with parish precepts be set at :-

Nunthorpe Parish	£1,495.76
Stainton and Thornton Parish	£1,501.65

- e) Members approve the amounts of Council Tax for each category of dwelling be set in accordance with table 4 of Appendix E within the report;
- f) Members approve the updated Investment Strategy as set out in Appendices G and H;
- g) Members note the refreshed Medium Term Financial Plan set out in this report; and
- h) Members approve the Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators as outlined in Appendix F.

BACKGROUND AND EXTERNAL CONSULTATION

Consultation

- 6. On the 16th November 2016 the Council received confirmation of the government's four year financial settlement for Middlesbrough allowing the Council to plan effectively for the period to 2019/20. The Medium Term Financial Plan approved as part of the Strategic Plan on 30th November 2016 and that contained in this report are based upon the four year settlement figures.
- 7. The Council approved the Strategic Plan 2016/2017 to 2019/2020 on the 30th November 2016. This provided an update in respect of the Council's Medium Term Financial Plan position for the period 2016/17 to 2019/20 integrated with a four year Investment Strategy with a total investment in the town of £113.7 million, outlined the Council's overall approach to deliver saving proposals and set out a summary of individual saving proposals.
- 8. The Elected Mayor set out a series of budget savings proposals which amounted to £10.4 million.
- 9. A consultation period of approximately 6 weeks has been undertaken. The Strategic Director of Finance, Governance and Support gave two presentations in November and one in February each of which were available to all Council members. A total of

21 Members attended. In addition the Elected Mayor conducted a specific consultation meeting with the business sector on the 8th February 2017.

10. The Council received 8 queries/responses to the Consultation process, all from members of the public, which are summarised below:-

Proposed charge for money management services for estates clients – Three responses, (one in favour, one neutral and one opposed).

Cessation of double funding for transport in relation to residents with personal budgets – Four responses, (three in favour and one opposed).

One general response in favour.

11. Following the budget consultation period, the Mayor has confirmed all of the proposals outlined in the Strategic Plan on the 30th November 2016, with the exception of the proposal to charge social care clients for the management of their finances by the Estates Team. The consultation process has identified that this is a vulnerable group of clients and that further work is needed with the clients and their representatives before a fair and feasible proposal can be considered. Therefore the proposal will not be included in the 2017/18 budget. This means that the overall package of savings will be £10.3m rather than £10.4m, the reduction in savings in 2017/18 will be dealt with by additional utilisation of the Councils general reserves.

Local Government Finance Settlement

12. The provisional Local Government Finance Report for 2017/2018 was released on the 15th December 2016. This set out detailed Local government figures on an individual authority basis over a four year period. The final settlement was confirmed on the 20 February 2017.
13. In 2016/17 Middlesbrough Council had a total net budget requirement of £115.9 million, of which £27.64 million (23.8%) was funded from general Revenue Support Grant and £46.18 million (39.8%) was funded by Council tax. The Revenue Support Grant is facing a £6.59 million (24%) reduction from 2016/17 to 2017/18; as part of the four year settlement this figure will continue to reduce by a further £9.09 million by 2019/20 leaving the Council with £11.96 million in that year. There is a government expectation that the gap will be made up by revenue raised locally such as through Council Tax and Business Rates.
14. A new Local Government finance system is expected to be implemented from the financial year 2020/2021 onwards. The new system is intended to be based upon full retention of Business Rates by Local Government and an end to the Revenue Support Grant system.
15. It is not yet clear what the detailed arrangements for Local Government Finance will look like from 2020/2021 onwards but as part of the settlement announcement the government committed to bringing forward a Local Government Finance bill during 2017. It is hoped that this bill will contain sufficient information to allow more accurate financial forecasting from 2020/2021 onwards. In this report we have adopted a “three years plus one” approach where we have estimated the known impact for 2020/21 but these figures are necessarily less robust than the figures for the years 2017/18 to 2019/20

16. During 2017 there was a national revaluation of business rates which had the effect of reducing the business rates base in Middlesbrough as businesses will receive on average lower bills. This contrasts with increases in average bills in some other areas of the country where the Valuation Office has assessed trading conditions are more favourable.
17. To compensate for this reduction the government has increased the top-up payment to Middlesbrough from £21.81 million to £25.71 million, an increase of £3.90 million (18%).
18. As part of the Business Rates system rate payers are entitled to submit an appeal against the valuation of their business, if successful this appeal will be backdated to the date of valuations. The cost of repaying appeals, including backdating, is met by the Council in proportion with its share of Business Rates. As a result of the valuations being new it is difficult to forecast what level of appeals will be received in relation to the new bills from business rate payers and also to understand what proportion of such appeals might be successful. An estimate has therefore been made of retained business rates income in 2017/2018 of £16.85 million which represents a prudent approach based upon experience of appeals against the previous valuation, this estimate will be closely monitored over the course of 2017/2018.

Revenue Budget 2017/2018

19. In preparing the 2017/2018 draft revenue budget and medium term financial plan, the following principles, consistent with budget strategies in previous years and statements made by Executive have been adopted: -
 - to ensure that resources are directed to Council priorities in accordance with the agreed Mayor's 2025 Vision
 - to maximise the efficient, effective and economic use of resources, in conjunction with partners where appropriate,
 - to keep Council Tax increases to a minimum
 - the Council will have a view to national assumptions together with unitary authority, regional and local levels of Council Tax.
 - to maintain appropriate balances, central provisions and earmarked reserves.
 - appropriate provisions will be made for assessed liabilities
 - to make services fully accountable for their own budgets and spending, and enforce a policy of no unauthorised overspending within service areas.
 - to maintain appropriate medium term budget planning and monitoring processes, ensuring known commitments are provided for and budgets are set in real terms with the effect on service delivery clearly identified.
 - structural budget issues will be addressed

- services will receive, in full, the impact of contractual inflationary increases (including pay awards). No inflation will be provided for general supplies and services, which are expected to be met from efficiency savings
- to ensure effective budget consultation processes are followed.
- to ensure that the impact of legislative changes are considered as part of the budget setting process

Revenue Budget Assumptions 2017/2018.

19. The following budget assumptions have been applied: -

Pay awards and inflation

20. A provision has been made for the estimated impact of an annual 1% pay award. No inflation has been provided for supplies and services which is expected to be met from efficiency savings. Contractually committed inflation has been provided for at 1.5%, a 1% increase in this type of inflation represents a £1.2 million cost to the Council.
21. Provision of £1.01 million has been made for the impact of the increase in the National Living Wage on the cost of services commissioned by the Council.
22. In addition, provision of £0.09 million has been made for the Living Wage Foundation recommended levels to be paid to Council employees.
23. Income from fees and charges has been assumed to increase on average by 1.0%. This excludes car parking charges and statutory charges.
24. An additional £200,000 has been included in respect of expected Waste Management increased costs.
25. The training of apprentices was previously funded from a specific grant from the Skills Funding Agency, from 1st April 2017 these costs will be covered from the Apprentice levy paid by the Council, a provision of £397,000 has been made to cover the increased cost.
26. Additional funding has been approved in the Medium Term Financial Plan in November 2016 and included in the 2017/2018 budget to reflect spending requirements in the following areas:

Spending Requirement:	Additional Funding (£s):
Middlehaven Streetscene Improvements	£60,000
Legal Services Children's Social Care Cases	£250,000
Transport Unit Demand Pressures	£200,000
Orange Pip Market	£113,000
Workforce Development	£139,000
Adult Social Care Transformation Capacity	£120,000
Selective Landlord Licensing Scheme	£142,000

Safeguarding and Children's Care

27. Safeguarding children and young people continues to be an area of increasing pressure, with resultant financial risk to the Council. An assessment of these pressures has been based on assumptions in respect of increased level of need in relation to looked after children and an increase in the cost of providing care.
28. The gross impact of the increased demand on the service is shown below:-

Net pressures	2017/2018 £`Million	2018/2019 £`million	2019/2020 £`Million	2020/2021 £`Million
Additional In year Cumulative over MTFP	1.500 1.500	1.500 3.000	1.500 4.500	1.500 6.000

Social Care

29. Within promoting adult health and wellbeing, tackling exclusion and promoting social care a provision has been made to address ongoing demand led pressures. The current assessment is shown below: -

Net pressures	2017/2018 £`Million	2018/2019 £`million	2019/2020 £`Million	2020/2021 £`Million
Additional In year Cumulative over MTFP	0.241 0.241	0.319 0.560	0.319 0.879	0.319 1.198

Other Changes

30. Provision has been made for reduction in specific grants including New Homes Bonus £318,000, Education Services Grant £676,000, Public Health Grant £435,000 and Housing Benefit / Council Tax Support Administration Grant £83,000.
31. The budget has been adjusted to reflect new grants relating to Adult Social Care, specifically the Improved Better Care Fund (£749,000) and the 2017/18 Adult Social Care Support Grant (£761,000).
32. Additional annual revenue provision of £829,000 has been made in respect of the Council's agreed Investment Strategy. This allows the Council to dedicate £74.8 million of its own resources to supporting the £117.1 million Investment Strategy intended to improve the fabric of the town and grow our economic base. An increase on the £68m previously approved/highlighted?

33. The capital financing budget has also been adjusted to reflect the savings made by the adjustment to the Minimum Revenue Provision covered in the Prudential Indicators section of this report.
34. An increased cost of £536,000 has been included in the budget to reflect the cost of a 6.9% rise in employers contributions to the Teesside Pension Fund following an independent review by the actuary.

Budget Reductions

35. The recommended budget reductions for 2017/2018 are shown at Appendix A and are summarised below
 - £7.8 million in relation to ongoing efficiencies/budget reductions that require no further consultation
 - £2.5 million in relation specific proposals subject to consultation prior to the 2017/2018 budget

Adequacy of Financial Reserves

36. The Council is required to maintain an appropriate level of reserves and balances. Whilst current guidance is not prescriptive, all Authorities are required, when reviewing their Medium Term Financial Plan to consider the establishment and maintenance of reserves.
37. Proper consideration has to be given to: -
 - a. working balances to help cushion the impact of uneven cash flows and to avoid unnecessary temporary borrowing;
 - b. general fund reserves to provide a contingency for the impact of unexpected events or emergencies; and
 - c. specific earmarked reserves to meet known or predicted liabilities
38. The Strategic Director of Finance, Governance and Support has advised that he considers it is appropriate to maintain a minimum of between £4.0 million and £4.5 million over the medium term. This advice is based on an assessment of financial risks and the extent to which specific provisions are available to meet known and expected liabilities.
39. Appropriate consideration has been given to the level of reserves and balances in that it is important to recognise that balances can only be used once.
40. Further development of the plan to identify additional savings to close the budget gap in 2018 to 2021 is underway. Final business cases will be developed by July 2017 and any additional savings will be utilised to mitigate the use of these reserves in future years.

41. Our approach has been to phase in the use of balances mitigating reductions to front line services where reasonable but also consider the medium and longer term financial planning.
42. The following table demonstrates our planned use of reserves over the Medium Term.

	2017/2018 £` million	2018/2019 £` million	2019/2020 £` million	2020/2021 £' million
Estimated Opening Balance	14.5	14.3	12.3	6.8
Planned Use	-0.2	-2.0	-5.5	-2.2
Estimated Closing Balance	14.3	12.3	6.8	4.6

43. The Strategic Director – Finance, Governance and Support has confirmed that the budget calculations for 2017/2018 are robust in that;
- proper medium term budget planning and monitoring processes are in place and maintained which ensure that known commitments are provided for and budgets are set in real terms with the effect on service delivery clearly identified;
 - appropriate provisions are made within the budget for pay and inflation;
 - a prudent view of the net costs of the Council's overall cash flow and prudential borrowing is taken;
 - an analysis of financial risks affecting the budget are completed; and
 - appropriate consideration is given to the level of Council Tax and external funding available to the Council.

Equality Impact Assessment

38. The Public Sector Equality Duty (PSED) (as set out in the Equality Act 2010) places a statutory duty on the Council in exercising its functions, to have regard to the need to:
- eliminate discrimination, harassment and victimisation;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
39. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

40 It must also have due regard to the steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled including, in particular, steps to take account of disabled persons' disabilities.

41 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Where proposed decisions may be relevant to one or more of these protected characteristics, the Council is obliged to assess the impact. If there is judged to be an adverse impact on these characteristics that is relevant to the duty above steps are taken to consider whether it can be avoided or mitigated. Where it cannot be avoided or mitigated, a decision can only be taken if it can be justified.

42. Proposals have been developed which protect frontline services and the town's most vulnerable groups as far as possible. The proposals for the 2017/2018 budget were presented as part of the Strategic Plan report to Council on the 30th November 2016 in three categories:-

Appendix A – Initiatives for 2017/2018 requiring no, or no further (where this has already been completed), *public* consultation i.e. either having no public impact, or having been already impact-assessed, mitigated where possible and / or justified. Some internal consultation may be required if the initiatives have a significant impact on employees.

Appendix B - Initiatives that will be subject to the impact assessment process and on which the Council will consult prior to implementation in 2017/2018.

Appendix C - Initiatives for the period 2018-20 that *may* require separate consultations and / or impact assessments in future years as proposals are further developed.

43. Following this announcement, a screening assessment was completed on the four proposals contained in Appendix B of the November 2016 report, which were:

- Reduced eligibility level for entitlement to free transport revision
- Cessation of double funding for people in receipt of a personal budget
- New income from providing money management for estates clients as a charged for service
- New approaches to care planning aimed at identifying more personalised methods of meeting care needs

44. A general consultation email address was launched along with a consultation section on the Council's website along with further detail on each of the proposals within Appendix B of the November 2016 report. This resulted in receipt of eight email responses from individuals. The majority of the responses were supportive of the proposals that were the subject of consultation with two comments from one person opposing Estates services charges and removal of double funding for people in receipt of a personal budget.
45. As reported at the time, the home to school transport proposal was subject to a separate consultation and approval to consult had been granted by Executive in July 2016. Delegated authority was given to the Director of Children's services to approve the policy, along with any amendments, once consultation had closed. That process has now been completed and the final policy was approved on 7 February 2017 and will be reflected within the 2017/18 budget.
46. One proposal has been removed from the budget setting process at this time (new income from providing money management for Estates clients as a charged service) although it may be brought forward for consideration again at a later date.
47. The remaining proposals have been impact assessed as part of this budget setting process and their impact assessments are appended along with a summary of their findings:
- Appendix C - Cessation of double funding for people in receipt of a personal budget – the impact assessment found that while the proposal was particularly relevant to age and disability there were no concerns that the proposal could have a disproportionate adverse impact on those groups because identified needs would continue to be met within a robust assessment process and use of personal budgets where applicable.
 - Appendix D - New approaches to care planning – the impact assessment found that the proposal was particularly relevant to age and disability protected characteristics. There were no concerns that the proposal could have a disproportionate adverse impacts on those groups because the approach would be that identified needs would continue to be met, however the way they were met could change and there would be no change to service access thresholds.
48. An overall impact assessment of the budget has been completed, informed by these individual proposals. It found that there were no concerns that the 2017/18 budget could have a disproportionate adverse impact on a group or individuals because they hold one or more protected characteristics.

FINANCIAL IMPLICATIONS

49. The budget prepared on the above principles provides an extra gross £3.9 million investment to meet increased demand in key services, including
- Social Care – Children. £1.5 million
 - Social Care – Adults £1.2 million
 - Other £1.2 million

50. The 2017/2018 draft budget does minimize impact on front line services, but efficiency savings alone cannot meet the projected gap over the medium term. There will be a requirement to reduce front line services.
51. It is estimated that the Council is required to make the following budget reductions over the next three years.

Budget Reduction requirement	2017/2018 £'m	2018/2019 £'m	2019/2020 £'m	2020/2021 £'m	Total £' m
Before use of balances	10.5	5.1	8.6	13.2	37.4
Use of balances	(0.2)	(2.0)	(5.5)	(2.2)	(9.9)
After use of balances	10.3	3.1	3.1	11.0	27.5

Determination of Council Tax

52. A number of factors have been considered in respect of the level of Council Tax increase including our current level of Council Tax, the current levels of inflation, pressures from caring for our vulnerable people, the level of budget reductions required and the medium to long term implications of the Government's Autumn Statement and the Local Government Finance Settlement 2017/2018.
53. The recognition by Central Government that the increasing costs and responsibilities of adult social care need to be addressed is welcomed. The Government's proposed solution is to allow Councils with adult social care responsibilities to increase council tax by up to a further 3%, with a maximum of an additional 6% increase in the period 2017/2018 to 2019/2020. Middlesbrough Council proposes to use this freedom to increase Council Tax by an additional 2% in each of the financial years 2017/2018, 2018/2019 and 2019/2020.
54. Consideration should be given in relation to the impact on the local council taxpayer. In essence the government's proposal is to pass on the liability to the local taxpayer, rather than a national distribution of resources to meet what is an agreed national priority. Authorities such as Middlesbrough with significant vulnerable Council Tax payers are disadvantaged by this approach.
55. In recognising that Middlesbrough is seeing increasing demand for Adult Social Care; it is proposed to apply the 2% levy which will generate £900,000 much needed resources to support our most Vulnerable Adults through a series of preventative and early help initiatives. The Mayor is minded however that the impact on the council taxpayer must also be considered. It is proposed therefore that the impact of the charge to our 13,200 council taxpayers currently in receipt of council tax support, will have the impact of the charge mitigated in 2017/2018, for a second year, at a cost of approximately £87,000.
56. The Council is required to set a budget for 2017/2018. The budget will determine the level of resources to be made available to services and forms part of the determination of the Council Tax to be levied in 2017/2018.
57. The Budget requirement for 2017/2018 is estimated to be £113.669 million as detailed in Appendix B.

58. The basic (Band D) Council Tax for Middlesbrough as a whole is calculated as follows: -

	£	£
Budget Requirement		113,669,000
Less:		
Revenue Support Grant	21,051,229	
Top up Payment	25,712,586	
Local Share of NNDR	16,850,505	
Net requirements		63,613,320
		50,055,680
Council Tax Collection Fund Surplus		-921,891
(a)		49,133,789
Taxbase (b)		32,924
Basic Council Tax (a) / (b)		1,492.34

59. The table at point 55 relates only to Middlesbrough Council's element of the Council Tax and excludes Cleveland Police and Crime Commissioner and Cleveland Fire Authority precepts.
60. The level of Council Tax associated with the budget requirement represents a general 1.99% increase in Council Tax and a 2.00% increase in the Adult Social Care Precept introduced by the Government in November 2015 to contribute towards the shortfall in funding for social care. In total this represents a 3.99% increase for Middlesbrough Council's element of the Council Tax for those areas without precepts.
61. The estimated Council tax for the areas of the Council which include parish precepts:-
- a) Nunthorpe:-

	£	£
Add Parish precept:	7,000	
Divided by Tax Base	2,045	
Equals		3.42
Band D Tax		1,495.76

- b) Stainton & Thornton:-

	£	£
Add Parish precept: Divided by Tax Base Equals	6,500 698	9.31
Band D Tax		1,501.65

62. Tax levels for the remaining bands are set in varying proportions to the band D level, and are set out in table 1 of Appendix E.
63. Cleveland Fire Authority has set a precept for Middlesbrough of £2,405,427 The council tax levels for 2017/2018 are set out in table 2 of Appendix E.
64. Cleveland Police and Crime Commissioner has set a precept of £7,063,515 and council tax levels for 2017/2018 are set out in table 3 of Appendix E.
65. The total tax to be levied for each band (including Middlesbrough Council, Cleveland Fire Authority, Cleveland Police and Crime Commissioner and Parishes) is set out in table 4 of Appendix E.
66. The overall impact on the band D council tax is as follows:-

Middlesbrough Council	3.99%
Cleveland Police and Crime Commissioner	1.99%
Cleveland Fire Authority	1.90%
Overall Increase	3.66%

Medium-Term Financial Plan to 2021

67. The Council maintains a Medium Term Financial Plan (MTFP) that:
- utilises accumulated balances to smooth out savings required year-on-year, and to pump prime transformational activity;
 - addresses the savings requirement for 2018-20 through transformational efficiency initiatives managed through Phase 3 of the Council's Change Programme;
 - identifies an indicative potential savings requirement for the financial year 2020/2021; and
 - focuses investment on growing the town's economic base to improve local prosperity and secure a robust and independent income stream to fund the Council's services.
68. The refreshed MTFP identifies that further savings of £6.2m are required for the period 2017/2018 to 2019/2020 over and above those already approved by Council, as set out below:

	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms	Total £ms
Spending pressures	8.2	8.6	10.0	14.1	40.9
Government funding reductions	2.8	3.0	2.1	0.7	8.6
Local funding increases	-0.5	-2.0	-3.5	-1.6	-7.6
Planned savings	-10.3	-4.5	0.0	0.0	-14.8
Budget gap	0.2	5.1	8.6	13.2	27.1
Net savings requirement	0.2	5.1	8.6	13.2	27.1
<i>Use of reserves</i>	-0.2	-2.0	-5.5	-2.2	(9.9)
In-year budget position	0.0	3.1	3.1	11.0	17.2

69. Through the Council's Investment Strategy the MTFP focuses on investment and efficiency, and creating growth in Council Tax, Business Rates and income from commercial activity and aims to minimise service-level and job reductions over this period.

70. The following assumptions have been applied in refreshing the Council's MTFP.

Government funding reductions

71. Government funding has been assumed to fall during the period to 2020, for 2020/21 it has been assumed that the transition to 100% Business Rates Retention will not result in a further reduction in funding:

Funding Stream	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms
Revenue Support Grant	21.051	16.534	11.959	0.00
Business Rates Top Up	25.712	26.539	27.483	40.420
New Homes Bonus	2.853	2.283	1.953	1.019
Housing Benefit Admin Grant	0.796	0.646	0.496	0.496
Education Support Grant	0.510	0.336	0.336	0.336
Public Health Grant	17.230	16.461	15.731	15.031
2017/18 ASC Support Grant	0.761	0	0	0
Improved Better Care Fund	0.749	3.854	6.561	6.561
Total:	69.662	66.653	64.519	63.863

Local funding increases

72. Local funding has been assumed to increase during the same period:

Funding Stream	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms
Council Tax Core	47.183	48.566	50.033	50.991
Council Tax: Adult Social Care Levy	1.966	2.949	3.932	3.932
Local Share of Business Rates	16.851	17.432	18.434	19.090
Collection fund Surplus	0.921			
Total:	66.921	68.947	72.399	74.013

73. The Government has indicated that from 2020, central government support to councils through the Revenue Support Grant will no longer exist and local government will need to be self-funding, through Council Tax, Business Rates and other localised sources of income. Therefore, in accordance with changes introduced by central government in 2015 on the limits for such increases, it has been assumed that the Council will increase Council Tax by 1.99% per annum and also apply the Adult Social Care Precept (as introduced by the then Chancellor of the Exchequer George Osborne in the November 2015 Spending Review) in every year of the period to meet anticipated demand for social care. These assumptions are in line with the Government's own assumptions within the Local Government Finance Settlement.
74. In the 2017/18 Settlement the Government introduced the flexibility to increase Councils with responsibility for Adult Social Care to increase Council Tax by up to 3% in 2017/18 and 2018/19 as long as the precept does not total more than 6% in the period 2017 to 2020. Middlesbrough has opted to continue with increases of 2% in each financial year as previously assumed in order to help protect residents from sharp Council Tax increases.

Pay awards and inflation

75. A 1% annual pay award has been assumed.
76. Contractual inflation at a total cost of £5.5 million has been assumed in the period. No provision has been made for inflation for supplies and services; it is expected any inflationary pressures in this area will be met from efficiency savings.
77. Income from fees and charges has been assumed to increase on average by 1%. This excludes car parking and statutory charges.

Living Wage

78. In line with the 2025 Vision for Middlesbrough, the Council is committed to ensuring that its lowest paid employees benefit from being paid the Living Wage Foundation hourly rate and a total of £4.3m has been provided over the period to fund this commitment.

Living Wage Foundation provision	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms
Additional in-year	0.085	0.743	1.469	2.030
Cumulative	0.085	0.828	2.297	4.327

79. In addition, increases in the rebranded minimum wage (the National Living Wage), will impact upon organisations – principally care providers – who are contracted to carry out functions on behalf of the Council. A further £3.6m has been allocated over the period to cover the increases in costs expected as a result of these pressures.

National Living Wage (minimum wage) provision	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms
Additional in-year	1.007	0.789	0.794	1.040
Cumulative	1.007	1.796	2.590	3.630

Demand pressures

80. The following assumptions have been made in relation to demand-led pressure within Safeguarding and Children's Care, Social Care and associated demands on the Passenger Transport Service.

Safeguarding and Children's Care – Net pressures	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms
Additional in-year	1.500	1.500	1.500	1.500
Cumulative	1.500	3.000	4.500	6.000

Adult Social Care – Net pressures	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms
Additional in-year	0.241	0.319	0.319	0.319
Cumulative	0.241	0.560	0.879	1.198

Passenger Transport Service – Net pressures	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms
Additional in-year	0.200	0	0	0
Cumulative	0.200	0.200	0.200	0.200

Investment Strategy

81. Over the period of the Strategic Plan the Council intends to invest £73.7m of its own resources in building the town's economic base, driving financial self-sufficiency and transforming how the Council delivers its services.

82. This will be made up of £11.2m of identified revenue resources and £62.5m of Capital Investment, this will involve additional borrowing which will have the following impact:

Revenue cost of investment	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms
Additional in-year	0.679	0.200	0.500	0.000
Cumulative	0.679	0.879	1.379	1.379

83. The Investment Strategy is appended to the Strategic Plan and updates the Council's current strategy, approved by Council on 30 November 2016. The revised strategy provides for additional investment as set out below.

84. Provision has also been made within the MTFP for additional capital resources of £8.9m in the period 2017-21 to be available in the event that investment opportunities arise to grow the town's economic base and / or delivery revenue savings for the Council.

Other changes

85. The change of approach to the Council's Minimum Revenue Provision as set out in the Prudential Indicators section of this report allows the following savings to be made from the capital financing budget over the Medium Term Financial Plan period.

Adjustment	2017/18 £ms	2018/19 £ms	2019/20 £ms	2020/21 (Indicative) £ms
Impact of Recalculation	-1.024	0.467	0.263	0.259
Draw Down of Accumulated Excess Provision	-1.800	0	0	0.100
Total:	-2.824	0.467	0.263	0.359
Total (Cumulative):	-2.824	-2.357	-2.094	-1.735

Use of Reserves and Balances

86. Over the period to 2021, the Council plans to utilise £9.9m of its general balances in order to smooth the budget savings requirement. This will allow time to plan future savings effectively to ensure that there is the minimum possible impact on residents and service users.

87. Over the MTFP period, the Council intends to use £7.4m from its Change Fund in order to support transformational activity to deliver its Strategic Plan.

88. The Council has set aside £2m to invest in school improvement services between 2017/18 and 2019/20.

89. The Council also plans to use £10.3m of revenue balances, including £3.5m identified in the 2015/16 Outturn report, as part of its Investment Strategy.

90. The planned use of balances will reduce the Council's General Fund balance to £4.6m by the end of the 2020/2021 financial year, in line with the Council's recommended General Fund level of £4.0-£4.5m.

Contingency

91. Following an assessment of the level of uncertainty within the MTFP, particularly in the areas of demand forecasting and the lack of knowledge around the likely level of Business Rate appeals, an overall contingency of £1.2m per annum has been provided for 2018/19, 2019/2020 and 2020/21.

Prudential indicators, Investment Strategy and Minimum Revenue Provision

92. The Local Government Act 2003 created a new legal framework for capital investment from April 2004 and Local; Authorities are now required by law to follow the CIPFA Prudential Code.
93. The key objectives of the Prudential Code are to ensure, within a clear framework, the Council's capital programme is affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice.
94. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out indicators that must be used, and the factors that must be taken into account within treasury management.
95. The Prudential Code introduced guidance regarding the way in which surplus funds are invested and guidance requires that an Annual Investment Strategy is approved by Council
96. .The government has released guidance relating to how local authorities set aside some of their revenues as provision for debt repayment. This requires authorities to prepare an annual statement of their policy on for determining the Minimum Revenue Provision.
97. The fundamental objective in considering the affordability of the Council's capital plans is to ensure that the total capital investment of the authority remains within sustainable limits and, in particular, to consider its impact on the local authority's "bottom line" council tax. Affordability is ultimately determined by a judgement about available resources.
98. In considering the affordability of its capital plans, the Council must consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years. The authority is also required to consider known significant variations beyond this timeframe. This requires the maintenance of three-year revenue forecasts and three-year forward estimates of council tax as well as three-year capital expenditure plans. These are rolling scenarios, not fixed for three years.
99. Appendix F sets out the proposed prudential indicators together with the investment strategy and minimum revenue provision policy.

RECOMMENDATIONS

100. It is recommended that: -

- a) the budget reductions outlined at Appendix A be approved;
- b) The budget requirement for 2017/2018 is set at £113,669,000, as detailed in Appendix B.
- c) Having taken into account the matters set out in Section 32 of the Local Government Act 1992 and the items set out within the report that the Executive agree the basic amount of Council Tax (Band D) for 2017/2018 be £1,492.34; being a 1.99% increase in general Council Tax and an annual precept of 2.00% for adult social care which was introduced by Government in November 2015 to contribute towards the shortfall of funding for social care. In total this represents an increase of 3.99% in the Band D Council Tax for the whole of the Borough.
- d) Members approve the basic amount of Council Tax in areas with parish precepts be set at :-

Nunthorpe Parish	£1,495.76
Stainton and Thornton Parish	£1,501.65

- e) Members approve the amounts of Council Tax for each category of dwelling be set in accordance with table 4 of Appendix E within the report;
- f) Members approve the updated Investment Strategy as set out in Appendices G and H;
- g) Members note the refreshed Medium Term Financial Plan set out in this report; and
- h) Approves the Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators as set out in Appendix F.

REASONS

101. The Council is required under legislation to set a revenue budget and agree the level of Council Tax and prudential indicators for 2017/2018.

BACKGROUND PAPERS

No background papers were used in the preparation of this report:

CONTACT OFFICER: **Name:** James Bromiley **Tel no:** (01642) 729032

Appendix A (i): Proposed 2017/18 Budget – Savings requiring no, or no further, public consultation

Ref	Initiative	2017/18 savings (£)
Outcome 1	Economic Development	
ED4	Savings from the temporary closure of Middlesbrough Town Hall	200,000
ED Add 1	Staffing review within Cultural Services	80,000
ED Add 2	Increased income at Middlesbrough Theatre from increases in secondary spend and the introduction of a booking fee	50,000
ED Add 3	Deletion of vacancy within the Box Office team	20,000
ED10	Additional NHS income for respite transport	50,000
ED11	Staffing / process review within the Passenger Transport Service	30,000
ED13	Moratorium on expenditure with Economic Development	56,000
Outcome 2	Supporting Communities	
SC1	One-off saving from staff salary abatement	25,000
SC2	Annual staff salary abatement saving	50,000
SC3	Staffing review within Stronger Families	200,000
SC4	Relocation of staff from Acklam Green into Council accommodation	35,000
SC5	Staffing review within Stronger Communities	50,000
Outcome 3	Improving Public Health	
PH2	Savings from recent recommissioning of Drug and Alcohol services	651,000
PH3	Savings from recent recommissioning of the Healthy Child Programme	500,000
PH4	Savings from recent decommissioning of Tees Valley shared services	61,000
PH5	Review of contractual expenditure – 15% efficiencies	288,000
PH6A&B	Staffing review within Public Protection and the Metrology service	180,000
Outcome 4	Learning and Skills	
LS1	Savings from recent reduction in administration	12,240
Outcome 5	Safeguarding and Children's Care	
CS3	Reduced costs from returning Looked After Children to accommodation within Middlesbrough	24,000
CS12B	Reduced costs from the improved commissioning of residential care places	35,000

Ref	Initiative	2017/18 savings (£)
Outcome 6	Adult Social Care	
ASC3&5	Expansion of early advice and information to reduce future care needs	135,000
ASC4	Expansion of Planned Overnight Care pilot to delay admissions to residential care	60,000
ASC6	Use of Time to Think Beds to delay admission to residential care	75,000
ASC7	Expansion of domiciliary reablement to minimise future care needs	420,000
ASC8	Ensure all clients effectively utilise Assistive Technology / Telecare to reduce the need for other care	125,000
ASC9	Savings from closure of the ASPIRE service	203,000
	Efficiency review of provider services	157,000
ASC12	Increased charges associated with client income increases (statutory)	170,000
ASC13&20	Additional NHS income for Continuing Health Care cases	320,000
ASC18	Underspend in demand funding due to progress in service transformation	76,000
ASC19	Additional NHS income for the Orchard and Community Inclusion services	80,000
ASC21	Supporting People – programme underspend	116,000
ASC22	Deletion of vacant posts	120,000
Outcome 7	Environment, Property and Commercial Services	
EPCS1&3	20% reduction in property costs due to a reduction in the number of Council buildings	276,500
EPCS2	Reduction in carbon emissions tax due to a reduction in the number of Council buildings	60,000
EPCS4	Increased income from commercial services	150,000
EPCS6	Staffing review / reductions in overtime	76,500
Outcome 8	Finance, Governance and Support	
FGS1A	Council share of savings from the disposal of Aurora Court (a custodian property)	6,000
FGS2	Refund from the Council's energy provider	51,000
FGS3	Removal of underlying underspend in Community Support Budget	50,000
FGS4	Local Council Tax Scheme – unbudgeted court fees	346,000
FGS5	Housing Benefits – increased overpayment recoveries	135,000
FGS6	Reduction in the Council's Change Fund budget	700,000

Ref	Initiative	2017/18 savings (£)
Outcome 8	Finance, Governance and Support	
FGS8	Full-year effect from 2016/17 service review within the ICT Service	81,771
FGS9	Full-year effect from 2016/17 service review within Democratic Services	69,000

Appendix A (ii): Proposed 2017/18 Budget – Savings requiring public consultation

Ref	Initiative	2017/18 savings (£)
Outcome 1	Economic Development	
ED9A&B	Reduced eligibility level for entitlement to free transport provision (consultation underway)	159,000
ED12	Cessation of double-funding for people in receipt of a personal budget (consultation underway)	74,000
Outcome 6	Adult Social Care	
ASC14-17	New approaches to care planning aimed at identifying more personalised methods of meeting care needs	2, 260,000

Appendix B

REVENUE BUDGET 2017/2018

	2016/2017		2017/2018	
	£` Million	£` Million	£` Million	£` Million
Service Expenditure				
(1) Economic Development	7.630		7.060	
(2) Supporting Communities	5.354		7.438	
(3) Improving Public Health	0.355		-1.985	
(4) Learning & Skills	-0.864		-0.009	
(5) Safeguarding & Children's Care	27.918		30.531	
(6) Social Care	42.567		36.331	
(7) Environment, property & Commercial Services	12.996		15.596	
(8) Finance, Governance & Support Central	11.073		7.580	
	1.564	108.593	3.078	105.620
Levies				
Environment Agency	0.104		0.109	
River Tees Port Health Authority	0.027	0.131	0.027	0.136
Central provisions				
Provisions for Pay and contingencies	0.160		0.740	
Change Fund	4.950		1.250	
Net Capital financing costs	8.873		7.951	
Ex DSO non-trading Costs	0.328		0.328	
Designated authority costs	0.040		0.040	
Custodian Properties	0.008	14.359	0.008	10.317
Net spending		123.083		116.073
Contribution from Reserves and Provisions	-6.752		-1.453	
S31 NNDR Grant	-0.435	-7.187	-0.969	-2.422
Net revenue budget		115.896		113.651
Parish Precepts				
Nunthorpe		0.009		0.010
Stainton and Thornton		0.007		0.008
Net Revenue budget (inc. Precepts)		115.912		113.669

Funded by				
Revenue Support Grant		27.645		21.051
Top up Payment		21.810		25.712
Retained Business rates		19.943		16.850
Council Tax		46.179		49.134
Collection Fund Balance		0.335		0.922
		115.912		113.669

Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	Cessation of double-funding for people in receipt of a personal budget			
Coverage:	Service specific			
This is a decision relating to:	<input type="checkbox"/> Strategy	Policy	<input type="checkbox"/> Service	<input type="checkbox"/> Function
	<input checked="" type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input checked="" type="checkbox"/>	Revision of an existing approach:	<input type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description	<p><u>Key aims, objectives and activities</u> Aim - To assess the potential impact of the proposal to cease free transport to day centres. Objectives;</p> <ol style="list-style-type: none"> To ensure that the proposal is clear and understandable for practitioners and residents alike. To revise the current practice of where 'double funding' for transport occurs when adult social care service users receive a personal budget that can be spent on transport. <p><u>Statutory drivers</u> There is no statutory duty on the Council to provide free or subsidised transport to day centres or equivalent settings.</p> <p><u>Differences from any previous approach</u> Middlesbrough Council currently provides free transport to residents accessing various day centres and other locations across Middlesbrough and the wider local area. This will no longer be provided. If service users still wish to access said facilities, they will instead utilise their personal budgets for their transportation. The current practice has been longstanding, without any updates/revisions. Consultation with service users and their advocates will be undertaken due to practices around the application of the current practice, as it may be perceived as a withdrawal of transport. This process needs to be undertaken to ensure that service users are made aware of the changes to the practice, so that meaningful feedback can be received and incorporated into the final decision making process.</p> <p>Service users will be assessed to ascertain whether they are in receipt of a personal budget. If they are, transport will not be automatically withdrawn. They will then be asked if they wish to utilise it to pay for transport to a day centre or establishment of their choice.</p> <p>If service users don't wish to spend their personal budget on transport that does not mean it will result in social isolation, as many users will be in receipt of a English National Concessionary Travel pass, or signposted to alternatives which will mitigate any impact/perception to be restricting access to services.</p> <p><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></p> <ul style="list-style-type: none"> Service Users and their families and/or carers – There are currently 168 clients transported via the passenger transport team. Professionals who work with service users – the requirement for a cultural change in assessing the needs for eligible residents. <p><u>Intended outcomes</u> The proposal is therefore to consider the approval of ceasing the 'double funding' for people in receipt of free transport when they have access to a personal budget. Service users will then exercise choice as to whether they wish to pay for transport directly. There are no plans to cease transport for service users that are not in receipt of a personal budget.</p>			
Live date:	It is proposed that the practice will become immediate and applicable for eligible adult social care service users.			
Lifespan:	N/a.			
Date of next review:	A Review of the outcomes for individuals would be undertaken 12 months from implementation to assess whether there had been any unforeseen disproportionate adverse impacts as a result of the application of the policy. A review will also be undertaken based on any legislative changes from the commencement date.			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p>Human Rights</p> <p>Could the decision impact negatively on individual Human Rights as enshrined in UK legislation? *</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The proposal considers that fair access to adult social care services will remain and the practice does not inhibit this. This has been undertaken through a review of the current practice, assessing the impact of any proposed changes to practice that could negatively impact upon a service user. A transport needs assessment can also be undertaken to support a decision made by the proposals (if required). There are no concerns that the rights of current and potential service users could be infringed upon an individuals Human Rights. *</p>
<p>Equality</p> <p>Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups? *</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it. <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low. <p>The Act requires that the needs of people with a disability are considered and that steps should be taken to take these into account. As this proposal relates to a service where a proportion of service users have a learning disability, then this proposal is particularly relevant to the equality duties and the protected characteristics of age and disability.</p> <p>There are 168 service users currently transported to and from day care settings via Council operated fleet vehicles or commissioned taxi (Monday to Friday).</p> <p>Identified social care needs will continue to be fully met, however the way in which they are met may change. Under the proposals, age and disability appropriate processes such as independent travel training would be put in place to manage the transition and mitigate impacts such as a change in modes of transport or the removal of transport due to ineligibility. Individual transport assessments will be undertaken by Middlesbrough Council's transport needs assessor and the results be recommended to various departments requesting transport or external agencies. In some cases, those who have been accessing the service, but who do not meet the eligibility criteria when it is correctly applied, would no longer be able to access transport from the Council. In this case, they will be supported to access alternative forms of transport such as the private taxi or public transport services.</p> <p>Consultation with service users, their advocates and the public has been undertaken as part of the budget setting consultation and feedback from this process has been considered. Evidence used to inform this assessment includes analysis of service users and the intended outcomes the service should be achieved.</p>

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Screening questions	Response			Evidence
	No	Yes	Uncertain	
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town? *	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed practice revisions would provide a shift in focus that could see positive integrated opportunities for individuals within the provision of day care to ensure that service users make an informed choice as to if they utilise day care facilities / settings. There is no evidence to indicate that service users and / or the wider community have any concerns about the impact of the practice on community cohesion.
Middlesbrough 2020 – Our Vision Could the decision impact negatively on the achievement of the vision for Middlesbrough? *	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This proposal is in line with the Mayor’s Priorities of a Fairer Middlesbrough set out in the Mayor’s Vision. Access to social care is key for elderly and vulnerable residents, and ensures that local people have access to the best services to enable them to achieve a fulfilling life. The proposal should encourage services users to make a proactive choice about how they spend their personal budget and which services / setting they access.
Organisational management / transformation Could the decision impact negatively on organisational management or the transformation of the Council’s services as set out in its transformation programme? *	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposal will provide savings to support the change programme and it will align provision with the target operating model for the Council as described by the Change Strategy.
Next steps: ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				
Assessment completed by:	Craig Cowley, Planning & Delivery Manager		Head of Service:	Dave Carter, Head of Transport & Infrastructure
Date:	20 December 2016		Date:	20 December 2016

Template for Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	New approaches to care planning aimed at identifying more personalised methods of meeting care needs			
Coverage:	Cross-cutting			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input checked="" type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input checked="" type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input checked="" type="checkbox"/>	Local or corporate requirements:	<input type="checkbox"/>
Description:	<p>Insert short description, using the following as sub-headings:</p> <ul style="list-style-type: none"> • Key aims, objectives and activities <p>To continue to provide services that meet identified needs within existing policies and frameworks, utilising a range of measures to reduce the cost of meeting that need. This is a continuation of an approach previously approved as part of the 16/17 budget setting process.</p> <ul style="list-style-type: none"> • Statutory drivers (set out exact reference) <p>The services provided by Adult Social Care are prescribed by a range of legislation which includes (but is not exclusive to): the Care Act 2014 and the Health and Social Act 2005.</p> <ul style="list-style-type: none"> • Differences from any previous approach <p>Existing policies and frameworks will continue to be applied, however the way in which needs are met may change as the Council:</p> <ul style="list-style-type: none"> - incorporates better use of lower cost / no cost solutions to meet identified needs where appropriate - Improves the way in which needs are assessed and reviewed to ensure greater consistency in application of existing policy. <p>A range of measures will be taken as part of a programme approach to transformation of Social Care services. Project delivery of these measures will be used and as they are developed further consultation and impact assessments will be completed where necessary to ensure continued compliance with relevant statutory duties. The outputs from this programme will include closer scrutiny of care packages to ensure consistency in assessments and care quality, continued alignment with Care Act principles, continued expansion of partnership approach to provision of support with Health and the VCS sector and strengthened practice guidance.</p> <ul style="list-style-type: none"> • Key stakeholders and intended beneficiaries (internal and external as appropriate) <p>Social Care customers within the scope of the proposal and potential future customers. Health partners and the VCS</p> <ul style="list-style-type: none"> • Intended outcomes. <p>To maintain current service standards but reduce the cost of the services to the Council.</p>			

Live date:	April 2017 onwards
Lifespan:	n/a
Date of next review:	n/a

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p>Human Rights Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Services which support individuals and their families will continue to be provided at current levels, however the way in which needs are met may change as a result of this proposal. There are no concerns that the proposal could impact adversely on human rights.</p> <p>Evidence used to inform this assessment includes analysis of current cost of provision, analysis of the marketplace and feedback to date from staff and service users on service provision. Control measures will be put in place as service changes are implemented to ensure impacts are monitored, including use of national satisfaction surveys, carer surveys, complaints data and safeguarding referrals.</p>
<p>Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council has a duty to consider the impact of the proposed decision on relevant protected characteristics to ensure it has due regard to the public sector equality duty. The duty means the Council must have due regard when taking decisions to the need to:</p> <ul style="list-style-type: none"> (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. <p>Consideration of this duty has shaped the proposals.</p> <p>Service users – The proposal is relevant to the age and disability protected characteristics. The proposals would not impact on the threshold of access to services or on the level of support that is provided once the threshold is met, however they may result in changes to how services are met where there are opportunities to ensure needs continue to be met, within a different package of care, where it is appropriate to do so. There are therefore no concerns that the proposals could result in an adverse impact on current or future service users.</p> <p>Evidence used to inform this assessment includes analysis of current cost of provision, analysis of the marketplace and feedback to date from staff and service users on service provision and feedback from partners (Health and VCS) as well as comments submitted as part of the budget setting process in relation to this proposal</p>

* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The continued and expanded use of personalised care, where appropriate for individuals, will have a positive impact on community cohesion, supporting more individuals to access care / support that meet their needs in community settings, providing them with an opportunity to commission care which enables access to local communities and engagement. Evidence used to inform this assessment includes, contract monitoring, market monitoring of prices and feedback from customers and feedback from partners (Health and VCS) as well as comments submitted as part of the budget setting process in relation to this proposal.
Middlesbrough 2025 – Our Vision Could the decision impact negatively on the achievement of the vision for Middlesbrough?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Supports the Mayors vision aim that people lead safer, independent lives, ensuring vulnerable adults are protected. Evidence used to inform this assessment includes, contract monitoring, market monitoring of prices and feedback from customers and feedback from partners (Health and VCS) as well as comments submitted as part of the budget setting process in relation to this proposal.
Organisational management / Change Programme Could the decision impact negatively on organisational management or the transformation of the Council's services as set out in its Change Programme?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposal will reduce the costs of the current service provision, this will be a saving to the Council, while it will also ensure that identified needs of customers continue to be met effectively. Evidence used to inform this assessment includes, contract monitoring, market monitoring of prices and feedback from customers.
Next steps: ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

Assessment completed by:	Erik Scollay	Head of Service:	n/a
Date:	12.01.2017	Date:	n/a

**Middlesbrough Council
Council Tax Bands 2017/2018**

Table 1				
Middlesbrough Council tax bands excluding Police & Fire Precepts				
Band	Proportion	Areas without Parishes £	Nunthorpe £	Stainton & Thornton £
A	6/9	994.89	997.17	1,001.10
B	7/9	1,160.71	1,163.37	1,167.95
C	8/9	1,326.52	1,329.56	1,334.80
D	1	1,492.34	1,495.76	1,501.65
E	11/9	1,823.97	1,828.15	1,835.35
F	13/9	2,155.60	2,160.54	2,169.05
G	15/9	2,487.23	2,492.93	2,502.75
H	18/9	2,984.68	2,991.52	3,003.30

Table 2	
Cleveland Fire Authority	
Band	Tax £
A	48.71
B	56.82
C	64.94
D	73.06
E	89.30
F	105.53
G	121.77
H	146.12

Table 3	
Cleveland Police & Crime Commissioner	
Band	Tax £
A	143.03
B	166.86
C	190.70
D	214.54
E	262.22
F	309.89
G	357.57
H	429.08

Table 4			
Middlesbrough Council tax bands including Police & Fire Precepts			
Band	Areas without Parishes £	Nunthorpe £	Stainton & Thornton £
A	1,186.63	1,188.91	1,192.84
B	1,384.39	1,387.05	1,391.63
C	1,582.16	1,585.20	1,590.44
D	1,779.94	1,783.36	1,789.25
E	2,175.49	2,179.67	2,186.87
F	2,571.02	2,575.96	2,584.47
G	2,966.57	2,972.27	2,982.09
H	3,559.88	3,566.72	3,578.50

PRUDENTIAL INDICATOR STATEMENT 2017/2018

AFFORDABILITY

1. The actual capital expenditure that was incurred in 2015/2016 and the estimates of capital expenditure to be incurred for the current and future years are:

	2015/2016 £000 Actual	2016/2017 £000 Estimate	2017/2018 £000 Estimate	2018/2019 £000 Estimate	2019/2020 £000 Estimate
Total Capital Expenditure	38,294	36,382	32,527	29,146	19,092
Funded by					
Borrowing	15,201	13,915	9,168	11,648	6,073
Capital Receipts	8,415	7,026	4,682	5,444	4,546
Grants	8,754	10,210	12,586	3,873	3,066
Contributions	2,721	2,597	1,522	4,362	5,222
Direct Revenue Financing	3,203	926	0	5	0
Reserves	0	1,708	4,569	3,814	185
Total Funding	38,294	36,382	32,527	29,146	19,092

2. Estimates of capital expenditure are updated twice a year.
3. Estimates of the ratio of financing costs to net revenue stream (estimate of Council net budget) for the current and future years, and the actual figures for 2015/2016 are in the table below. The percentage of the budget for financing capital increases as the Councils net budget decreases.

Ratio of Financing Costs to Net Revenue Expenditure

	2015/2016 £000 Actual	2016/2017 £000 Estimate	2017/2018 £000 Estimate	2018/2019 £000 Estimate	2019/2020 £000 Estimate
Capital Financing Estimate £000's	8,033	9,123	8,352	8,769	9,532
Estimated Council net Budget £000's	119,917	115,912	113,670	112,005	111,826
Ratio of Financing Costs	6.7%	7.9%	7.3%	7.8%	8.5%

4. The estimates of financing costs include current commitments and the proposals consistent with the capital programme.
5. It is important to consider the ratio of financing costs to our overall net budget. As Council net expenditure decreases, in line with reductions in government resources, the proportion of our capital financing costs form a greater proportion of our overall expenditure. At this point it is considered that our capital financing is affordable. Should capital financing costs exceed 10% or should the Council not achieve agreed budget reductions then the position and recommendations will need to be reconsidered.
6. Estimates of the end of year capital financing requirement for the authority for the current and future years and the actual requirement at 31 March 2016 are:

Capital Financing Requirement

31/03/16 £000 Actual	31/03/17 £000 Estimate	31/03/18 £000 Estimate	31/03/19 £000 Estimate	31/03/20 £000 Estimate
169,189	178,070	186,251	192,196	195,204

7. The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, Middlesbrough Council does not associate borrowing with particular items or types of expenditure. The authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
8. Middlesbrough Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for a capital purpose.
9. CIPFA's Prudential Code for Capital Finance in Local Authorities includes the net borrowing indicator as a key indicator of prudence:

“In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

10. The authority had no difficulty meeting this requirement in 2015/2016 and no difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this report.

Net Borrowing

31/03/16 £000 Actual	31/03/17 £000 Estimate	31/03/18 £000 Estimate	31/03/19 £000 Estimate	31/03/20 £000 Estimate
93,102	100,696	108,005	118,961	119,692

11. Net borrowing represents the Council's external borrowings less the total of any investments and cash it holds at any point in time.
12. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

	31/03/16 £000 Actual	31/03/17 £000 Estimate	31/03/18 £000 Estimate	31/03/19 £000 Estimate	31/03/20 £000 Estimate
Capital Financing Requirement	169,189	178,070	186,251	192,196	195,204
Less: Net External Borrowing	93,102	100,696	108,005	118,961	119,692
Internal Borrowing (under borrowing)	76,087	77,374	78,246	73,235	75,512

13. In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt net of investments for the next three financial years. These limits separately identify borrowing from other long term liabilities such as finance leases. The Council is asked to approve these limits and to delegate authority to the Strategic Director of Finance, Governance and Support, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council. In taking its decisions on this budget report, the Council is asked to note that the authorised limit determined for 2017/2018 (see table below) will be the statutory limit determined under clause 3(1) of the Local Government Finance Act 2003. This limit represents only a short term, worst case scenario limit and does not represent planned levels of borrowing.

Authorised Limit for External Debt

	2016/2017 £000	2017/2018 £000	2018/2019 £000	2019/2020 £000
Borrowing	199,900	211,100	215,500	222,600
Other long term liabilities	2,500	2,500	2,500	2,500
Total	202,400	213,600	218,000	225,100

14. The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the Strategic Director of Finance, Governance and Supports' estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate.
15. The operational boundary represents a key management tool for in year monitoring by the Strategic Director of Finance, Governance and Support. Within the operational boundary, figures for borrowing and other long term liabilities are separately identified. The Council is also asked to delegate authority to the Strategic Director of Finance, Governance and Support, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change.

Operational Boundary for External Debt

	2016/2017 £000	2017/2018 £000	2018/2019 £000	2019/2020 £000
Borrowing	178,700	189,400	193,500	202,200
Other long term liabilities	2,500	2,500	2,500	2,500
Total	181,200	191,900	196,000	202,700

16. The Council's actual external debt at 31 March 2016 was £102.2 million, comprising long term and short term borrowing. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at one point in time.
17. The Strategic Director of Finance, Governance and Support, and those officers with delegated responsibility under the agreed Treasury Management Practices, can arrange new long-term loans up to the following limits:

Required Financing

	2016/2017 £000 Estimate	2017/2018 £000 Estimate	2018/2019 £000 Estimate	2019/2020 £000 Estimate
Long-term Borrowing	40,000	50,000	15,000	15,000
Restructuring	20,000	20,000	20,000	20,000
Total	60,000	70,000	35,000	35,000

18. These limits are consistent with the authority's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Strategic Director of Finance, Governance and Support confirms that they are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account; as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

Council Tax Incremental Effects

19. In terms of the incremental effect on band D council tax of capital expenditure decisions are:

2017/2018	2018/2019	2019/2020
-£28.00	£20.07	£22.72

20. These forward estimates are not fixed and do not commit the Council. They are based on the Council's existing commitments, current plans and the totality of the capital and revenue plans recommended in the budget report. There are no known significant variations beyond this timeframe that would result from past events and decisions or the proposals in this budget report.

PRUDENCE

21. Middlesbrough Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
22. It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2017/2018, 2018/2019 and 2019/2020 of 100% of its estimated gross outstanding principal sums.
23. It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2017/2018, 2018/2019 and 2019/2020 of 40% of its estimated gross outstanding principal sums.

24. This means that the Strategic Director of Finance, Governance and Support will manage fixed interest rate exposures within the range 60% to 100% and variable interest rate exposures within the range 0% to 40%. This is a continuation of current practice.
25. It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate at the start of the period:

	<u>Upper limit</u>	<u>Lower limit</u>
under 12 months	50%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	90%	20%

26. Currently investments are limited to a maximum of 3 years, with the deals being arranged so that the maturity will be no more than 3 years and one month after the date the deal is arranged.
27. The maximum % of the total of all investments that have an outstanding period of one year or longer, at the time the investment is made, is 10%.

ANNUAL INVESTMENT STRATEGY & TREASURY MANAGEMENT POLICY STATEMENT 2017/2018

28. In accordance with revised guidance from the Department for Communities and Local Government (DCLG) a local authority must prepare and publish an Annual Investment Strategy which must be approved by full Council before the start of the financial year to which it relates.
29. The DCLG guidance offers authorities greater freedom in the way in which it invests monies, providing that prior approval is received from Members by approving the Annual Investment Strategy.
30. The Local Government Act 2003, which also introduced the Prudential Code, requires that a local authority must have regard to such guidance as the Secretary of State issues relating to prudent investment practice.
31. In addition the Chartered Institute of Public Finance & Accountancy (CIPFA) has published a revised Code of Practice for Treasury Management in the Public Services. This replaces the 2002 Code which had been adopted in full by Middlesbrough Council. The revised Code requires the Council to clearly state, in the Annual Investment Strategy document, its policy on effective control, and monitoring of its treasury management function. These controls are set out in Treasury Management Practices (TMP's) which have been approved as part of acceptance of the 2002 Code.
32. The revised Strategy, showing where the Guidance has determined Council policy, can be set out:

ANNUAL INVESTMENT STRATEGY 2017/2018

33. Middlesbrough Council will create and maintain as the cornerstones for effective treasury management:
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
34. The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.
35. Middlesbrough Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review which will include an annual report on the previous year, in the form prescribed in its TMP's. Revised Strategies could be presented to the Council for approval at other time during the year if the Strategic Director of Finance,

Governance and Support felt that significant changes to the risk assessment of significant parts of the authority's investments had occurred.

36. Middlesbrough Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Strategic Director of Finance, Governance and Support, and for the execution and administration of treasury management decisions to the Head of Financial Governance and Revenues, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.
37. Middlesbrough Council nominates the Executive to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
38. The Council has, for some time, been very circumspect in its use of credit rating agencies. The section on Specified Investments sets out the current policy. Ratings are monitored on a monthly basis, or more frequently if information is received from the treasury management consultant or other recognised source. Decisions regarding inclusion on the Approved List are made on the basis of market intelligence drawn from a number of sources.
39. All staff involved in treasury management, will, under the supervision of the Head of Financial Governance and Revenues, act in accordance with the treasury management practices and procedures, as defined by the Council. Such staff will undertake relevant training, identified during the Council's induction process and, on an on-going basis, the Council's appraisal policy.
40. The general policy objective contained in the guidance is that local authorities should invest prudently the short-term cash surpluses held on behalf of their communities. The guidance emphasises that priority should be given to security and liquidity rather than yield. Within that framework the authority must determine a category of borrowers, who must be of "high credit quality" classified as **Specified Investments**, with whom it can invest surplus cash with minimal procedural formalities and further identify a category of borrowers classified as **Non-Specified Investments**, with whom it can also invest but subject to prescribed limits.
41. Although the guidance definition of Non-Specified Investments is "one not meeting the definition of a Specified Investment", the authority is required to identify which categories of investments are identified as prudent to use and the limits on any such investment either individually or in total. It is because some organisations do not subscribe to credit rating agencies that they have to be included as Non-Specified Investments, rather than any concern over their creditworthiness.
42. The guidance defines investment in such a way as to exclude pension fund and trust fund investments. In practice Middlesbrough Council, in its role as Administering Authority for the Teesside Pension Fund, follows similar procedures as approved by Members as part of compliance with the CIPFA Code of Practice, albeit with different limits.

LIMITS & DEFINITION OF SPECIFIED INVESTMENTS

43. The following are currently determined as meeting the criteria for Specified Investments:
 44. The investment is made with the UK Government, or a local authority (as defined in the Local Government Act 2003), or a police authority, or fire, or a UK Nationalised Industry, or UK Bank, or UK Building Society.
 45. The investment is made with a Money Market Fund which, at the time the investment is made, has a rating of AAA.
 46. The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document. which, at the time the investment is made, has a short-term "investment grade" rating with either Standard & Poors, Moody's Investors Search Ltd or Fitch Ratings Ltd (or in the case of a subsidiary the parent has such a rating). Where ratings awarded differ between the rating agencies any one award below investment grade will prevent the investment being categorised as a Specified Investment. The rating of all listed bodies must be monitored on a monthly basis. Where officers become aware of a downward revision of rating, that moves the body out of the "investment grade" category, between such monthly checks, the body should be removed from the list of Specified Investments and, if considered appropriate, the investment should be recalled.
 47. All Specified Investments must be denominated in sterling and must be one where the authority may require it to be repaid or redeemed within 12 months of the date on which the investment is made and must be considered of high credit quality. This is defined as having met the criteria set out above. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

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|---|
| <ul style="list-style-type: none">• The minimum % of the total of all investments which must be Specified Investments, at the time the investment is made, is 70%• The maximum investment with any one counterparty is £15 million, except for the Debt Management Office which is limitless.• The maximum investment in any one group (i.e. a bank and its wholly-owned subsidiaries) is £15m. |
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LIMITS & DEFINITION OF NON-SPECIFIED INVESTMENTS

48. These categories of investment currently meet the criteria for Non-Specified investments:
 49. The investment is made with a UK bank, or UK building society, or a UK subsidiary of an overseas bank.
 50. The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document, which is not a Specified Investment.

51. The investment is for a period of one year or longer.
52. All Non-Specified Investments must be denominated in sterling. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

- The maximum % of the total of all investments which can be Non-Specified Investments, at the time the investment is made, is 30%
- The maximum investment with any one counterparty is £15 million
- The maximum investment in any one group (i.e. a bank and its wholly-owned subsidiaries) is £15m.
- The maximum % of the total of all investments that have an outstanding period of one year or longer, at the time the investment is made, is 10%.

53. The maximum period for which an investment can be made is 3 years, with the maturity date no more than 3 years and 1 month from the time the deal is agreed.
54. As referred to in paragraph 8 of the Prudential Indicators Statement borrowing should be kept at, or below, the expected capital financing requirement over the medium term to reduce the risk of exposure to interest rate fluctuations. The balance of 'net borrowing' (loans less investments) should also be monitored to, where prudent, minimise interest rate differences.
55. The Council considers that it is empowered by Section 12 of the Local Government Act 2003 for the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future. While not "borrowing to invest" it is prudent to invest monies raised in advance of expenditure. As required by the Guidance such investment is permitted providing the anticipated expenditure is within this or the next financial year or within a period of eighteen months, whichever is the greater.

TREASURY MANAGEMENT POLICY STATEMENT

56. This organisation defines its treasury management activities as:
The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
57. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage those risks.
58. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

MINIMUM REVENUE PROVISION POLICY 2017/2018

INTRODUCTION

59. Local authorities are required each year to set aside some of their revenues as provision for debt repayment. There is a simple duty for an authority each year to make an amount of revenue provision which it considers to be “prudent”. (Minimum Revenue Provision) MRP Guidance makes recommendations to authorities on the interpretation of that term.
60. Authorities are legally obliged to “have regard” to any such guidance – which is exactly the same duty as applies to other statutory guidance including, for example, the CIPFA Prudential Code, the CIPFA Treasury Management Code and the CLG Guidance on Investments.
61. Authorities are asked to prepare an annual statement of their policy on making MRP.

MEANING OF “PRUDENT PROVISION”

62. The main part to the guidance is concerned with the interpretation of the term “prudent provision”. The guidance proposes a number of options. It explains that provision for repayment of the borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service.

OPTIONS FOR PRUDENT PROVISION

Option 1: Regulatory Method

63. For debt which is supported by (Revenue Support Grant) RSG, authorities will be able to continue to use the formulae in regulations, since the RSG is calculated on that basis.

Option 2: CFR Method

64. This is a technically simpler alternative to Option 1 and may also be used in relation to supported debt. While still based on the concept of the Capital Financing Requirement (CFR), which is easily derived from the balance sheet, it avoids the complexities of the formulae in the regulations.

Option 3: Asset Life Method

65. For new borrowing under the Prudential system for which no Government support is being given, there will be two options. Option 3 is to make provision in **equal annual instalments** over the estimated life of the asset for which the borrowing is undertaken. This is a possibly simpler alternative to the use of depreciation accounting (Option 4), though it has some similarities to that approach.
66. The formula allows an authority to make **voluntary extra provision** in any year.

67. In the case of the construction of a new building or infrastructure, MRP would not have to be charged until the new asset came into service. This “**MRP holiday**” would be perhaps 2 or 3 years in the case of major projects and could make them more affordable. There would be a similar effect in the case of Option 4 under normal depreciation rules.

Option 4: Depreciation Method

68. Alternatively, for new borrowing under the Prudential System for which no Government support is being given, Option 4 may be used. This means making MRP in accordance with the standard rules for depreciation accounting.
69. Authorities will normally need to follow the standard procedures for calculating depreciation provision with some exceptions.

Option 5: 2% Annuity Method

70. This method recognises the time value of money and the useful life of the assets funded from borrowing and is seen as a fairer way of charging MRP. It is supported by the Council’s treasury management advisers (Arlingclose) and is being adopted by many local authorities nationally as the way of accounting from pre 2008 debt.

2017/2018 MINIMUM REVENUE PROVISION STATEMENT FOR MIDDLESBROUGH

71. The Secretary of State recommends that before the start of each financial year a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to the full council. The statement should indicate which of the options listed above are to be followed in the financial year.
72. For supported capital expenditure Middlesbrough intends to move from option 2 to option 5, a 2% annuity basis with effect from 2016/2017 financial year.
73. For unsupported capital expenditure Middlesbrough intends to use option 3, the asset life method.

2017/2018 BUDGET SETTING - CAPITAL PROGRAMME BY OUTCOMES 2016/2017 - 2020/2021

	2016/2017 Estimate	2017/2018 Estimate	2018/2019 Estimate	2019/2020 Estimate	2020/2021 Estimate	Total All Years
	£'000	£'000	£'000	£'000	£'000	£'000
GROSS EXPENDITURE						
1 - Economic Development	21,511	17,728	15,403	10,693	0	65,335
2 - Supporting Communities	17	0	0	0	0	17
3 - Improving Public Health	930	2,004	339	0	0	3,273
4 - Learning & Skills	2,233	2,467	1,910	1,460	0	8,070
5 - Safeguarding & Childrens Care	0	425	0	0	0	425
6 - Social Care	2,386	2,429	3,078	2,549	0	10,442
7 - Environment, Property & Commercial Services	5,782	4,966	6,374	3,619	0	20,741
8 - Finance, Governance & Support	3,523	2,508	2,042	771	0	8,844
TOTAL GROSS EXPENDITURE	36,382	32,527	29,146	19,092	0	117,147
Funded by:-						
Borrowing	(13,915)	(11,823)	(8,993)	(6,073)	0	(40,804)
Capital receipts	(8,759)	(5,797)	(8,543)	(4,510)	0	(27,609)
Grants	(10,210)	(12,586)	(3,873)	(3,066)	0	(29,735)
Contributions	(2,597)	(1,522)	(4,362)	(5,222)	0	(13,703)
Direct Revenue Financing	(926)	0	(5)	0	0	(931)
Funding from Reserves	(1,708)	(4,569)	(3,814)	(185)	0	(10,276)
Brought Forward Resources	(8,597)	(10,329)	(14,100)	(14,543)	(14,507)	(8,597)
Remaining Resources not Programmed	10,329	14,100	14,543	14,507	14,507	14,507
TOTAL INCOME	(36,382)	(32,527)	(29,146)	(19,092)	(0)	(117,147)

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
CAPITAL FUNDED SCHEMES								
REVISED CAPITAL PROGRAMME 2016/17 TO 2020/21								
Outcome 1 - Economic Development								
Boho 5	177	0	0	0	0	177	0	177
TWI Phase1	107	0	0	0	0	107	107	0
Tackling Town Centre Vacancies	119	35	0	0	0	154	154	0
Baker Street Phase 2	29	0	0	0	0	29	29	0
Orange Pip Market	32	8	0	0	0	40	40	0
Town Centre Monitoring & WIFI	50	0	0	0	0	50	50	0
I I P R - Middlehaven Relief Road (Dock Bridge)	2,166	4,067	3,210	0	0	9,443	2,511	6,932
I I P R - Site Assembly At Middlehaven	1,100	164	0	0	0	1,264	177	1,087
I I P R - Middlehaven Urban Park	33	0	0	0	0	33	33	0
HCA Land Acquisition at Middlehaven	3,052	0	0	0	0	3,052	3,052	0
Hemlington Grange Electrical Connection	726	727	0	0	0	1,453	1,453	0
Hotel Extension Loan	1,250	0	0	0	0	1,250	1,250	0
Town Hall Venue Development	1,517	4,923	0	0	0	6,440	3,077	3,363
Town Hall HLF \ Arts Council Project	500	511	300	0	0	1,311	811	500
Captain Cook Museum	500	0	0	0	0	500	0	500
Beacon Becks Phase 2	28	16	0	0	0	44	0	44
Capitalisation of Major Scheme Salaries	140	140	140	140	0	560	560	0
Affordable Housing Via Section 106	0	0	2,627	2,627	0	5,254	830	4,424
Tees Valley Metro	0	10	0	0	0	10	0	10
Transporter Bridge Development Stage Two HLF	9	0	0	0	0	9	0	9
Highways Infrastructure Development (Section 106)	250	800	847	0	0	1,897	0	1,897
Town Centre Improvements Public Realm	47	51	0	0	0	98	98	0
Swedish Mission site S106 Works	0	0	24	0	0	24	0	24
Street Lighting (Invest To Save)	1,900	600	0	0	0	2,500	2,500	0
Southfield Road Paving	127	0	0	0	0	127	0	127
Labs Vehicle	21	0	0	0	0	21	21	0
Lower Bus Platforms	25	15	0	0	0	40	0	40
Riverside Park Improvements	0	433	0	0	0	433	0	433
Tees Valley Broadband	0	100	98	0	0	198	198	0
Stepping Stone (S106)	0	0	270	0	0	270	0	270
Grove Hill J V - Palladium Shops	130	135	0	0	0	265	0	265
Grove Hill Public Realm	0	40	0	0	0	40	0	40
Gresham Phase 1	1,061	104	546	0	0	1,711	1,711	0
Gresham Phase 2a	1,184	96	2,695	1,000	0	4,975	4,975	0
Gresham Phase 2b	10	0	0	0	0	10	10	0
Gresham Environmental Improvements	31	33	0	0	0	64	64	0
House To Home	164	102	0	0	0	266	231	35
Housing Delivery Vehicle (S106)	335	265	200	0	0	800	0	800
Empty Homes 2015 To 2018	106	106	336	176	0	724	0	724
LTP - Block Budget Traffic Management	71	0	0	0	0	71	0	71

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
LTP - Corridor Review Programme	177	10	0	0	0	187	0	187
LTP - Longlands Road/Kings Road Signals	63	0	0	0	0	63	0	63
LTP - Minor Improvements/Cycle Infrastructure	125	25	0	0	0	150	0	150
LTP - PROW 10 Year Plan	30	0	0	0	0	30	0	30
LTP - PROW Roscoe Street	0	0	0	0	0	0	0	0
LTP - Pedestrian Crossings 2014/15	30	0	0	0	0	30	0	30
LTP - Cargo Fleet Lane/The Greenway Pedestrian Refuge	20	10	0	0	0	30	0	30
LTP - Block Budget Highways Maintenance	1,652	41	0	0	0	1,693	0	1,693
LTP - Block Budget Structural Bridge Maintenance	103	0	0	0	0	103	0	103
LTP - Unallocated Grant	191	1,862	0	0	0	2,053	0	2,053
Highways Infrastructure	524	200	0	0	0	724	724	0
Highways Maintenance	913	525	0	0	0	1,438	1,438	0
Town Centre Accommodation Strategy	0	250	750	0	0	1,000	1,000	0
Hemlington Grange Business Park	0	0	500	3,000	0	3,500	1,500	2,000
Town Hall Lighting Scheme	0	0	410	0	0	410	410	0
Cultural Transformation	0	0	0	2,000	0	2,000	1,000	1,000
Town Centre Investment Pot	586	874	750	750	0	2,960	2,960	0
Hemlington Grange-Extra Care Housing Contribution	0	250	0	0	0	250	250	0
Teesside Media & Innovation Village	0	0	500	500	0	1,000	1,000	0
Housing Growth	100	200	1,200	500	0	2,000	2,000	0
University Quarter - Linthorpe Road Acq. & Highways / Public Realm	0	0	0	0	0	0	0	0
	21,511	17,728	15,403	10,693	0	65,335	36,224	29,111

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Outcome 2 - Supporting Communities								
Libraries IT Software Upgrade	7	0	0	0	0	7	7	0
Acklam Library (Section 106)	10	0	0	0	0	10	0	10
	17	0	0	0	0	17	7	10

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Outcome 3.Improving Public Health								
Dundas House -Public Health	930	0	0	0	0	930	500	430
Leisure Trust Investment	0	2,004	339	0	0	2,343	2,343	0
	930	2,004	339	0	0	3,273	2,843	430

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Outcome 4 - Learning & Skills								
Devolved Formula Capital	0	0	0	325	0	325	0	325
EFA Early Years 2 Year olds Entitlement (Trajectory Project)	0	0	5	0	0	5	0	5
Supported Capital Expenditure Formula Funding	0	0	0	108	0	108	108	0
School Condition Allocation	0	0	0	747	0	747	0	747
LA Capital Maintenance & Basic Needs	0	0	0	0	0	0	0	0
Ayresome Primary - Structural ,Stonework & Brick Repairs	16	0	0	0	0	16	0	16
Linthorpe Primary - Early years KS1 & KS2 New Build	45	0	0	0	0	45	0	45
Breckon Hill Primary - Early Years KS1 Ext.& Alterations Kitchen Vent. System	3	0	0	0	0	3	0	3
The Avenue Primary - Update Outdoor Play Area - Early Years	2	0	0	0	0	2	0	2
Hemlington Initiative Centre /Rosendale -Cont. to Bldg. Renovation Early Yrs.	0	32	0	0	0	32	0	32
Abingdon Primary - Production Kitchen Extraction Replacement	8	0	0	0	0	8	8	0
Park End Primary - Production Kitchen Extraction Replacement	15	0	0	0	0	15	15	0
Newport Primary - boiler replacements	3	0	0	0	0	3	0	3
Thorntree Primary - Condition Project (various works)	-12	0	0	0	0	-12	0	-12
Park End Primary - Roof Window & Door Replacement	1	0	0	0	0	1	0	1
Netherfields CC / Priory Woods Special - Post 16 Project	28	0	0	0	0	28	28	0
Hemlington Primary Academy - Internal Alterations & IAU Extension	13	0	0	0	0	13	1	12
Pallister Park - Extension & Internal Alterations	12	0	0	0	0	12	0	12
Inc Park End - Refurbishment of Classroom & Various Works In 2015	4	0	0	0	0	4	4	0
Archibald - Nursery Internal Alterations	13	0	0	0	0	13	13	0
Inc - Berwick Hills - Community / Learning Lodge	24	24	0	0	0	48	24	24
Inc- Whinney Banks - Window Replacement	8	0	0	0	0	8	3	5
Inc-Whinney Banks - Boiler Works	5	156	18	0	0	179	18	161
The Avenue - Boiler Works	14	0	0	0	0	14	0	14
Park House	21	0	0	0	0	21	21	0
Beech Grove -SEN Project	20	26	0	0	0	46	46	0
Captian Cook Primary School -Roof Work	0	39	0	0	0	39	0	39
Holmwood Kitchen -Extraction Unit	3	0	0	0	0	3	0	3
Newport Primary - Classroom	20	21	0	0	0	41	21	20
Marton Manor -Roof	13	0	0	0	0	13	0	13
Holmwood -Structural Elements	6	0	0	0	0	6	0	6
Arhcibald - Structural Elements	10	0	0	0	0	10	0	10
Pallister Park - Roof	0	0	0	0	0	0	0	0
Park End - Roof	7	0	0	0	0	7	0	7
Acklam Whin - Drainage	3	31	3	0	0	37	0	37
Priory Woods- Library Extension	94	0	0	0	0	94	67	27
Kader - Windows	2	0	0	0	0	2	2	0
Brambles Farm - Servery Improvements	56	0	0	0	0	56	56	0
Ayresome Primary Schools -Work to Sub Main Cable	1	0	0	0	0	1	0	1
Lingfield - Ceiling Refurbishment	37	0	0	0	0	37	0	37
Abingdon Primary -Children's CT Internal Alterations & Improvements	336	32	0	0	0	368	258	110
Capitalisation of Salary Costs	94	94	94	94	0	376	235	141
Linthorpe Primary School - external works project-nursery access	63	5	0	0	0	68	21	47
Holmwood School - classroom extension and internal alterations	240	0	0	0	0	240	227	13

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Acklam Grange mini bus	24	0	0	0	0	24	24	0
Archibald - nursery remodelling	138	0	0	0	0	138	85	53
Park End - tank room works	20	0	0	0	0	20	20	0
Montessori Pre-School Central	8	0	0	0	0	8	0	8
Thorntree - Drainage Improvements	24	20	0	0	0	44	27	17
Park End - EYFS internal alterations and staffroom extension	280	32	0	0	0	312	239	73
Great Expectations	5	0	0	0	0	5	0	5
Abingdon Primary - convector heaters	0	45	5	0	0	50	0	50
Ayresome Primary - boiler	10	0	0	0	0	10	0	10
The Avenue – nursery remodelling	77	0	0	0	0	77	72	5
Marion Manor – convector heaters	0	43	5	0	0	48	0	48
Newham Bridge - Windows	2	138	15	0	0	155	0	155
Chandlers Ridge - production kitchen alterations	103	0	0	0	0	103	0	103
Acklam Whin - toilet refurbishment	13	0	0	0	0	13	0	13
Acklam Whin - IT/Computer Refresh	4	0	0	0	0	4	0	4
Archibald Structural	80	0	0	0	0	80	26	54
Outwood Ormesby - internal alterations	87	44	0	0	0	131	0	131
Whinney Banks Primary - Resurface Car Park	15	0	0	0	0	15	0	15
Breckon Hill – security fencing	8	0	0	0	0	8	0	8
Pallister Park - Division of one room into two	6	0	0	0	0	6	0	6
Lingfield Farm - Main Building	30	0	0	0	0	30	30	0
Breckon Hill Primary - Upgrade switch/site power	10	50	60	0	0	120	0	120
Cleveland Unit Child Development Centre (CUCDC) at JCUH-Sensory Garden	1	0	0	0	0	1	1	0
Park End - Upgrade switch gear/site power	10	50	60	0	0	120	0	120
The Avenue Primary - Fire Alarms	3	17	2	0	0	22	0	22
Park End - Fire Alarms	4	31	3	0	0	38	0	38
Whinney Banks Primary - Roof (part works)	5	40	5	0	0	50	0	50
Park End - Boiler/Plant Replacement	10	125	15	0	0	150	0	150
Ayresome Primary - Telephone Installation	18	0	0	0	0	18	0	18
Thorntree Primary - wc refurbishment	10	27	0	0	0	37	27	10
Various Schools Roof surveys required	0	15	0	0	0	15	0	15
Ayresome Primary - boiler equipment	0	225	25	0	0	250	0	250
Various Schools - boiler plant surveys required	0	15	0	0	0	15	0	15
Abingdon Primary - brickwork	0	90	10	0	0	100	0	100
Marion Manor - brickwork / stonework	0	90	10	0	0	100	0	100
Breckon Hill Primary - Land Drainage Survey	0	5	0	0	0	5	0	5
Holmwood School - Land Drainage Survey	0	5	0	0	0	5	0	5
Lingfield Primary - Land Drainage Survey	0	5	0	0	0	5	0	5
Holmwood - wc alterations and refurbishment	0	15	0	0	0	15	15	0
Abingdon Primary - Roof work	0	0	207	23	0	230	0	230
Acklam Whin Primary - roof work	0	180	20	0	0	200	0	200
Lingfield Primary - roof work	0	0	162	18	0	180	0	180
Various schools - roof surveys required	0	0	15	0	0	15	0	15
Various schools - boiler plant surveys required	0	0	15	0	0	15	0	15
Whinney Banks - external walls / structure	0	0	90	10	0	100	0	100

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Lingfield Primary - fire alarm system	0	0	20	2	0	22	0	22
Whinney Banks Primary - fire alarm system	0	0	77	9	0	86	0	86
Lingfield Primary - electrical switch gear / site power	0	0	58	62	0	120	0	120
Marton Manor - electrical switch gear / site power	0	0	58	62	0	120	0	120
Marton Manor Primary- land drainage survey	0	0	5	0	0	5	0	5
Park End Primary - land drainage survey	0	0	5	0	0	5	0	5
Thorntree Primary - land drainage survey	0	0	5	0	0	5	0	5
Holmwood Assessment Centre	0	675	75	0	0	750	750	0
Town Centre Primary Additional Capacity	0	0	763	0	0	763	0	763
Contributions to Ayresome Welcome Centre	0	25	0	0	0	25	0	25
	2,233	2,467	1,910	1,460	0	8,070	2,492	5,578

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Outcome 5 - Safeguarding & Children's Care								
Securing Services For Children With Complex Need	0	425	0	0	0	425	0	425
Spencerfield Road - Adaptations to Rented MBC Property For Short Breaks	0	0	0	0	0	0	0	0
	0	425	0	0	0	425	0	425

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Outcome 6 - Social Care								
Chronically Sick & Disabled Persons Act -Top ups	29	60	25	25	0	139	139	0
Chronically Sick & Disabled Persons Act - Adaptations	184	241	225	225	0	875	875	0
Chronically Sick & Disabled Persons Act - Equipment	320	320	360	360	0	1,360	1,360	0
Disabled Facilities Grant	1,300	1564	2353	1864	0	7,081	900	6,181
Disabled Facilities Grant - Connect	40	0	0	0	0	40	0	40
Disabled Facilities Grant - Telecare	60	25	65	25	0	175	40	135
Capitalisation of Staying Put Agency Salaries	50	50	50	50	0	200	200	0
Home Assistance Loan	76	139	0	0	0	215	180	35
Home Loans Partnership(formerly 5 lamps)	0	30	0	0	0	30	0	30
Levick Court-Windows/Mural/Adaptations	4	0	0	0	0	4	0	4
MICC replacement beds	17	0	0	0	0	17	0	17
Cumberland Resource Conservatory	19	0	0	0	0	19	0	19
Albert Park Pavilion Re-furbishment	265	0	0	0	0	265	0	265
Winter Warmth Xtra	15	0	0	0	0	15	0	15
Telecare for re-ablement	7	0	0	0	0	7	0	7
	2,386	2,429	3,078	2,549	0	10,442	3,694	6,748

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Outcome 7 - Environment , Property & Commercial Services								
Invest to Save Carbon Reduction Unallocated	34	0	0	0	0	34	34	0
Metz Bridge Travellers Site	19	0	0	0	0	19	0	19
Stewart Park Heritage Lottery Fund Delivery Stage (Ph2)	27	0	0	0	0	27	-162	189
Sports Pitches /Facilities Section 106	89	0	0	0	0	89	0	0
Play Facilities - Kader / Brookfield Section 106	209	0	0	0	0	209	100	355
MUGA Kader / Brookfield Section 106	27	0	0	0	0	27	0	0
Middlesbeck & Millennium Green Section 106	100	0	0	0	0	100	0	0
Hemlington Recreation Ground Section 106	30	0	0	0	0	30	0	0
Purchase of New Vehicles	1448	1489	1489	1489	0	5,915	5,915	0
Capitilisation of Wheelie Bin Replacement	100	100	100	100	0	400	400	0
Capitilisation of Street Furniture/Dog Fouling & Litter Bins	55	55	55	55	0	220	220	0
Capitilisation of Highway Maintenance	275	275	275	275	0	1,100	1,100	0
Cargo Fleet Investment	180	0	0	0	0	180	180	0
Property Services Building Investment	290	290	290	290	0	1,160	1,160	0
Central Lodge Stewart Park	0	270	0	0	0	270	270	0
Bereavement Services	132	50	0	0	0	182	182	0
Middlesbrough Sports Village	49	81	0	0	0	130	-274	404
Nunthorpe Playing Fields (Section 106)	0	0	100	0	0	100	0	100
Prissick Sports (Section 106)	50	0	0	0	0	50	0	50
Bonnygrove Park And Fairydell (Section 106)	12	0	0	0	0	12	0	12
Waste Disposal Plant Investment	0	0	2,655	0	0	2,655	2,655	0
Leisure Investment	150	50	0	0	0	200	200	0
Property Investment Programme Block Budget	0	1,300	1,350	1,350	0	4,000	4,000	0
UW-IW-testing	98	0	0	0	0	98	98	0
UW-Cannon Park Way	1	0	0	0	0	1	1	0
UW-Rainbow Plant	79	0	0	0	0	79	79	0
UW-Abingdon CC	70	0	0	0	0	70	70	0
CCIW-Refurbish Bus Station toilets	50	0	0	0	0	50	50	0
CCIW-Shelving Municipal Buildings	5	0	0	0	0	5	5	0
CCIW-Security	1	0	0	0	0	1	1	0
CCIW-Town Hall	5	0	0	0	0	5	5	0
CCIW-Listed Buidlings	15	0	0	0	0	15	15	0
CCIW-Asbestos	4	0	0	0	0	4	4	0
CCIW-Cold Water Tanks	5	0	0	0	0	5	5	0
CCIW-Crematorium	215	0	0	0	0	215	215	0
CCIW-Accommodation Muncipal buildings	18	0	0	0	0	18	18	0
CCIW-Commercial Units	31	0	0	0	0	31	31	0
CCIW-Civic Centre	10	0	0	0	0	10	10	0
CCIW-Cargo Fleet Depot	60	0	0	0	0	60	60	0
CCIW-Middlesbrough House	550	0	0	0	0	550	550	0
CCIW-Accommodation Middlesbrough House	50	0	0	0	0	50	50	0
CCIW-Accommodation 154 Borough Road	110	0	0	0	0	110	110	0
Middlesbrough House Lift	89	0	0	0	0	89	89	0
Worksmart	20	0	0	0	0	20	20	0

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Middlesbrough theatre	50	0	0	0	0	50	50	0
Viewley Centre	55	0	0	0	0	55	55	0
CCIW-Fire Audit Works	20	0	0	0	0	20	20	0
CCIW-Accessibility Thorntree Hub	23	0	0	0	0	23	20	3
CCIW-Municipal Buildings	61	0	0	0	0	61	61	0
CCIW-Stewart Park	27	0	0	0	0	27	27	0
CCIW-Natures World	50	0	0	0	0	50	50	0
Energy Efficiency & Renewable Energy	37	0	0	0	0	37	37	0
Parks Improvement	40	40	0	0	0	80	80	0
Members Small Schemes	60	90	60	60	0	270	270	0
Playground Equipment	25	25	0	0	0	50	50	0
Crit. Comp. & Inv. Works - Refurbishment of Children's Homes	572	0	0	0	0	572	572	0
Derisking Sites	0	0	0	0	0	0	0	0
Purchase of Former County Depot	0	371	0	0	0	371	371	0
Purchase of Thirteen Depot	0	480	0	0	0	480	480	0
	5,782	4,966	6,374	3,619	0	20,741	19,609	1,132

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Outcome 8 - Finance, Governance & Support								
ICT Infrastructure	157	158	157	158	0	630	630	0
WIFI - Town Hall Civic Centre	57	17	0	0	0	74	69	5
IT Refresh - Mobile Working Implementation	15	0	0	0	0	15	15	0
IT Refresh - WAN	24	0	0	0	0	24	24	0
IT Refresh - Agresso	232	0	0	0	0	232	232	0
IT Refresh - ECAF	3	0	0	0	0	3	3	0
IT Refresh - Email Exchange	19	0	0	0	0	19	19	0
IT Refresh - Integrated Children's Systems	16	0	0	0	0	16	16	0
IT Refresh - CRM	414	220	275	0	0	909	909	0
IT Refresh - Town Hall Data Centre Build	543	312	0	0	0	855	855	0
IT Refresh - Network Refresh	2	0	0	0	0	2	2	0
IT Refresh - Unified Comms / Voip Upgrade	63	18	0	0	0	81	81	0
IT Refresh - Firewall Upgrade	0	0	0	0	0	0	0	0
IT Refresh - Server Refresh / Internet Upgrade	28	16	0	0	0	44	44	0
IT Refresh - Switch Upgrade	63	0	0	0	0	63	63	0
IT Refresh - Scanning	29	271	0	0	0	300	300	0
IT Refresh - Objective phase 4 onwards	0	0	0	0	0	0	0	0
IT Refresh - GIS Tech Forge	0	0	0	0	0	0	0	0
IT Refresh - Agile	350	50	0	0	0	400	400	0
IT Refresh - IKEN	50	0	0	0	0	50	50	0
IT Refresh - LCS Development Capture	50	88	5	0	0	143	143	0
IT Refresh - Business Intelligence	220	0	0	0	0	220	220	0
Tees Valley Broadband	66	0	0	0	0	66	66	0
Transformation - Customer First	285	0	0	0	0	285	285	0
Enterprise Agreements	58	0	0	0	0	58	58	0
De-risking Sites	200	600	400	100	0	1,300	1,300	0
The Big Screen	0	0	500	0	0	500	500	0
ICT Projects- Lights On	579	758	705	513	0	2,555	2,555	0
	3,523	2,508	2,042	771	0	8,844	8,839	5
Total Council Capital Funding Required	36,382	32,527	29,146	19,092	0	117,147	73,708	43,439

INVESTMENT PLAN SUMMARY (CAPITAL)

Scheme	Total Funding Required						Council	External
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Funding	Funding
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
AVAILABLE FUNDING AS PER INVESTMENT STRATEGY								
Borrowing	-13915	-9168	-11648	-6073	0	-40,804		
Capital Receipts	-8759	-5797	-8543	-4510	0	-27,609		
Grants	-10210	-12586	-3873	-3066	0	-29,735		
Contributions	-2597	-1522	-4362	-5222	0	-13,703		
Direct Revenue Financing	-926	0	-5	0	0	-931		
Funding from Reserves	-1708	-4569	-3814	-185	0	-10,276		
Brought forward receipts	-8597	-10330	-11445	-14544	-14508	-8,597		
Carried Forward receipts	10330	11445	14544	14508	14508	14,508		
Total Available Funding	-36,382	-32,527	-29,146	-19,092	0	-117,147		

Subject of assessment:	Middlesbrough Council budget 2017/18			
Coverage:	Crosscutting			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input checked="" type="checkbox"/> Review
	<input checked="" type="checkbox"/> Organisational change	<input checked="" type="checkbox"/> Other (please state) Budget		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input checked="" type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description:	<p><u>Key aims, objectives and activities</u></p> <p>By law the Council has to agree a balanced budget annually. The purpose of this Impact Assessment is to assess the cumulative impact of the 2017/18 budget proposals. The Public Sector Equality Duty (PSED) places a statutory duty on the Council to ensure that identified where decisions would impact disproportionately adversely on groups that share a protected characteristic under UK law. The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. To ensure compliance with the PSED the Council has to identify what the impact of proposals will be. Where there is a risk that they will have a disproportionate adverse impact, consideration must be given to steps needed to avoid or mitigate that impact. Mitigation will include steps to take account of the different needs of groups and may result in adjustments to meet their needs. Where decisions cannot be fully mitigated or avoided, they must be justified.</p> <p>The proposals for the 2017/18 budget were split into three categories when first presented to Council on 30 November 2016 as part of the Strategic Plan report:</p> <p>Appendix A Initiatives for 2017/18 requiring no, or no further (where this has already been completed), public consultation i.e. either having no public impact, or having been already impact-assessed, mitigated where possible and / or justified. Some internal consultation may be required if the initiatives have a significant impact on employees.</p> <p>Appendix B Initiatives that will be subject to the impact assessment process and on which the Council will specifically consult prior to implementation in 2017/18.</p> <p>Appendix C Initiatives for the period 2018-20 that may require separate consultations and / or impact assessments in future years as proposals are further developed.</p> <p>Following this announcement, a screening assessment was completed on the four proposals contained in Appendix B of the November 2016 report, which were:</p> <ul style="list-style-type: none"> • reduced eligibility level for entitlement to free transport provision • cessation of double-funding for people in receipt of a personal budget • new income from providing money management for Estates clients as a charged for service • new approaches to care planning aimed at identifying more personalised methods of meeting care needs. <p>A general consultation email address was launched along with a consultation section on the Council's website along with further detail on each of the proposals within Appendix B of the November 2016 report. This resulted in receipt of eight email responses from individuals. The majority of the responses were supportive of the proposals that were the subject of consultation with two comments from one person opposing Estates services charges and removal of double funding for people in receipt of a personal budget.</p> <p>As reported at the time, the home to school transport proposal was subject to a separate consultation and approval to consult had been granted by Executive in July 2016. Delegated authority was given to the Director of Children's services to approve the policy, along with any amendments, once consultation had closed. That process has now been completed and the final policy was approved in an officer delegated decision on 7th February 2017 and will be reflected within the 2017/18 budget. One proposal was removed from the budget setting process at this time (new income from providing money management for Estates clients as a charged service) although it may be brought forward for consideration again at a later date.</p>			

Description (continued):	<p><u>Statutory drivers</u></p> <p>A number of statutory duties, guidance, legislation and regulations are relevant to this proposal which will be considered, these include but are not limited to:</p> <ul style="list-style-type: none"> • Budget setting - Local Government Act 1972 • Individual proposals – various as set out in individual Impact Assessments • Impact Assessment process – Equality Act 2010 <p><u>Differences from any previous approach</u></p> <p>The budget sets out a range of changes to services and functions as a result of financial pressures on the Council. These are outlined in the main body of the report.</p> <p><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></p> <p>All residents of Middlesbrough and customers of MBC. Some proposals are more relevant to certain groups than others and this is set out within the individual assessments, which are also appended and the excel table. Some proposals also impact on staff.</p> <p><u>Intended outcomes</u></p> <p>To present a budget to Council that has given full consideration to the impact of proposals and gives proper consideration to the Council’s equality duties.</p>
Live date:	April 2017
Lifespan:	April 2017 – March 2018
Date of next review:	March 2018

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Human Rights						
Engagement with Convention Rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A number of proposals indirectly relate to human rights, for example new approaches to care planning. None of the assessments have identified that there could be an adverse impact on human rights as a result of a proposal.
Equality						
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Both the Impact assessments appended identified they were potentially relevant to this protected characteristic. Proposals either had no impact on this group, contained measures to fully mitigate the impact of proposals on this group or had an impact that was assessed as being proportionate. Given the above it is considered that people with a disability will not be disproportionately adversely affected by the budget as a result of their having a protected characteristic. Evidence used to inform this assessment includes the public budget consultation and the evidence sources cited in the individual impact assessments
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Both the Impact Assessments appended were identified as being potentially relevant to this protected characteristic. Proposals either had no impact on this group, contained measures to fully mitigate the impact of proposals on this group or had an impact that was assessed as being proportionate.
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals were identified as being potentially relevant to this protected characteristic. There were no concerns that the budget proposals could have a disproportionate adverse impact on a group or individuals because of their race; religion or belief; gender; pregnancy or marital status; sexual orientation; marriage or civil partnership status, carer status or criminal record or offending past.
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

** Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Community cohesion						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The impact assessment process found that a number of proposals were relevant to community cohesion. Due regard was given within the impact assessment process to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <p>(a) tackle prejudice, and</p> <p>(b) promote understanding.</p> <p>The proposal to take a new approach to care packages planning will support more people to remain independent for longer, supporting efforts to ensure diverse communities within the town thrive.</p>
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Middlesbrough 2025						
Theme 1 – A Fairer Middlesbrough <ul style="list-style-type: none"> Health Impact Assessment 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Both the proposals appended to this IA will have a positive impact on ensuring a Fairer Middlesbrough. They will ensure that social care needs continue to be met within a revised framework that supports independence.
Theme 2 – A Safer Middlesbrough	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposals could have an adverse impact on this theme. Vulnerable children and adults will continue to be safeguarded. Revised services will continue to operate in a manner that ensures service user safety.
Theme 3 – A Stronger Middlesbrough	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposals appended to this report will have a positive impact on this theme. Supporting independence and community resilience, proposals align with the principles of personal choice and ensuring people live independently for longer.
Sustainability <ul style="list-style-type: none"> One Planet Living principles Climate Change risk assessment 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All the proposals either had no impact on this group, contained measures to fully mitigate the impact of proposals on this group or had an impact that was assessed as being proportionate.
Sustainability <ul style="list-style-type: none"> One Planet Living principles Climate Change risk assessment 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Organisational management / transformation						
Partnership working	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The new approaches to care packages proposal will impact on partnership working. Both Health partners and the VCS have been engaged as part of the development of this proposal and there will be positive partnership working undertaken as part of this with an increased partnership working approach with health and greater use of services provided by the VCS.

Assessment issue	Impacts identified				Rationale and supporting evidence	
	None	Positive	Negative			Uncertain
			Justified	Mitigated		
Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Implementation of the 2017/18 budget proposals could have a possible impact on staff. Where staffing reviews are required to implement the budget consultation and impact assessments will be completed where appropriate to ensure the impacts on staffing are fully considered prior to implementation..
Accommodation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proposals may result in reductions in the amount of accommodation required by the Council. These proposals form part of the Council's overarching strategic approach to the management of its property. The proposals within the budget will have a positive effect on this area, streamlining council accommodation.
ICT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	It is not anticipated that there will be an adverse impact on the ICT Strategy of the organisation as a result of these proposals.

Further actions	Lead	Deadline
Mitigating actions	n/a	
Promotion	Promotion of the changes where there is an impact on service delivery will be undertaken.	Individual IA leads Various
Monitoring and evaluation	Overall monitoring of the impact will be embedded within performance management arrangements for 2017/18	Paul Stephens May 2017
Assessment completed by:	Ann-Marie Johnstone	Head of Service: James Bromiley
Date:	16 January 2017	Date: 16 January 2017