

MEETING OF MIDDLESBROUGH COUNCIL

At the Meeting of Middlesbrough Council, lawfully convened, and held in the Town Hall, Middlesbrough on 7 March 2018.

PRESENT: Councillors S E Bloundele (Chair), R Brady (Vice Chair), J Blyth, D J Branson, J Brunton Dobson, Mr D Budd, M Carr, D P Coupe, D Davison, S Dean, J Goodchild, T Harvey, A Hellaoui, T Higgins, C Hobson, J Hobson, B A Hubbard, N Hussain, L Lewis, J McGee, L McGloin, J McTigue, J Mohan, G Purvis, P Purvis, J Rathmell, C M Rooney, D Rooney, J Rostron, M Storey, M Thompson, Z Uddin, J A Walker, N J Walker, V Walkington, M Walters, J Young and L Young

OFFICERS: B Carr, L Henman, A Hoy, D Johnson, J McCullough, A Pain, T Parkinson, B Roberts, S Reynolds, J Shiel and I Wright

APOLOGIES FOR ABSENCE were submitted on behalf of Councillors Councillor R Arundale, Councillor S Biswas, Councillor E Dryden, Councillor T Lawton, Councillor T Mawston, Councillor D McCabe, Councillor F McIntyre, Councillor M Saunders, Councillor J Sharrocks.

DECLARATIONS OF INTERESTS

None Declared

17/52 **REVENUE BUDGET, COUNCIL TAX, MEDIUM TERM FINANCIAL PLAN AND PRUDENTIAL INDICATORS 2018/2019**

Council received and considered a report, presented by the Mayor, which set out the recommended Revenue Budget, Council Tax, Medium Term Financial Plan and Prudential Indicators for 2018/2019.

The Mayor explained the context of the budget in terms of austerity and Government funding cuts of 45.8m. Reference was made to several different quotes from various organisations and senior political figures with regard to the seriousness of the financial situation in relation to local authorities and it was pointed out that none of the quotes were from the Labour Party. The Mayor acknowledged the people involved in the budget process including Councillors and officers and he advised that the budget had also been subject to the Scrutiny process.

The Mayor provided Members with an overview of the budget. The Mayor highlighted the changes that had been made since the budget had been agreed in December, outlined at page 3 of the report which included:

- increased requirement for Social Work capacity in Children's Social Care to maintain safe caseloads;
- the Local Government Employers Pay Offer of December 2017 which was significantly higher than previous expectations;
- a reduction in expected savings from Phase 3 of the Change Programme following a review of potential achievability; and
- the requirement to review reserves in the light of increased uncertainty around future funding, inflation, demand and specific potential liabilities.

The budget principles and assumptions were restated. Reference was made to paragraph 56, and members were advised that in terms of financial reserves, the Strategic Director of Finance, Governance and Support had advised that he considered it appropriate to maintain a minimum of £9.4m over the medium term. This advice was based on an assessment of financial risks and the extent to which specific provisions were available to meet known and expected liabilities.

The Mayor highlighted that the figure of £9.4m was an increase on the previously recommended level of the General Reserve Fund which was previously recommended to be £4.0m to £4.5m. This was as a result of a reduction in the level of specific reserves and provisions over the last 12 months and the increased uncertainty around future levels of

demand in Social Care.

Reference was made to Appendix A (ii) Partnerships and Integration initiative - P&I 05 - Implement partnership model with the Voluntary and Community Sector for the delivery of community advice and welfare rights, achieving a 20% saving in current expenditure. It was highlighted that proposal P&I 05 was a saving of £40,000 per annum through the implementation of a partnership model with the Voluntary and Community Sector for the delivery of community advice and welfare rights, achieving a 20% saving in current expenditure. It was believed that this saving could be achieved and should be implemented but that, in the light of austerity and the implementation of Universal Credit in Middlesbrough, the £40,000 should be reinvested in additional community advice and welfare rights services to support people struggling in Middlesbrough. This was reflected in the budget.

The Mayor thanked the officers involved in producing the report and requested that members of the Council approve the recommendations contained at Page 2 of the report.

The Leader of the Conservative Group thanked the Council officers involved in producing the Revenue Budget, Council Tax, Medium Term Financial Plan and Prudential Indicators for 2018/2019 report. Members were advised that the Conservative Group and the MICA Group had been working on budget savings and had produced a set of proposals which would produce a Council Tax freeze and would make a small saving.

The Executive Member for Finance and Governance raised a Point of Order. The Executive Member advised that the Council was unable to consider any proposals for amending the budget, as any new proposals would need to be ratified by the Council's Section 151 officer, and they would also require an impact assessment to be carried out. Members were advised that if the Council voted on the alternative proposals, they would be in danger of having a Section 114 notice served upon them, (as in the case of Northampton). The Executive Member invited the Monitoring Officer to provide the legal position on the matter.

The Monitoring Officer advised that, in preparing the annual budget, the Council's Section 151 Officer was required to ensure that the Council acted in accordance with its statutory duties and responsibilities, and did not act in breach of its fiduciary duty to the ratepayers and Council Tax payers of Middlesbrough. Further, in preparing the budget, the Council must undertake the calculations set out in section 32 of the Local Government Finance Act 1992 to determine the budget requirement, in order that both the Section 151 Officer and the Council were assured that the proposals formed a balanced budget for the forthcoming year. As part of the budget process, the Section 151 Officer was also required to report to Council on the robustness of the estimates made for the purposes of the section 32 calculations, and the adequacy of the proposed financial reserves.

These responsibilities were reinforced by the provisions of section 114 of the Local Government Finance Act 1988, which required that the Section 151 Officer must prepare a report to Council if it appeared to them "that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year was likely to exceed the resources (including sums borrowed) available to it to meet that expenditure".

In addition, in setting the budget the Council was required to comply with the public sector equality duty under section 149 of the Equality Act 2010, and any changes which may have an equality impact required an equality impact assessment to ensure compliance with the duty.

In the case of the proposals that the Conservative Group and the MICA Group wished to put forward, the Council's Section 151 Officer had not had the opportunity to consider the proposals, nor to undertake the required calculations under the 1992 Act, or the robustness of any estimates under the 2003 Act. Any proposal to amend the current budget proposal would, therefore, run the risk of inadvertently asking the Council to set an unbalanced, and therefore unlawful, budget. Equally, the proposals that the Group wished to submit to the meeting had not been the subject of an equality impact assessment, and the Council could not therefore determine that the public sector equality duty had been complied with.

The Monitoring Officer advised that in his view, that should Council seek to amend the current

budget without due process and consideration, the Council could be acting ultra vires and could be open to challenge. Consequently, the Monitoring Officer recommended to the Council that it should vote on the approval or rejection of the budget, set out in the papers published on 27 February 2018, in accordance with rule 104 of the Council Procedure Rules.

The Head of Financial Governance and Revenues confirmed that he agreed with the advice provided by the Monitoring Officer. He reiterated that any changes to the proposed budget would have to be ratified by the Section 151 Officer before members could consider them. Members could only agree or not agree the budget as circulated on the agenda.

The Chair advised that members had heard the advice of the Monitoring Officer and the Head of Financial Governance and Revenues, and as a consequence, Members could only consider the budget that had been circulated with the agenda.

The Executive Member for Finance and Governance thanked the officers for their part in compiling the budget and she confirmed that the officers had a legal obligation to prepare the budget independently. The Executive Member advised that there was an alternative budget group and officer time had been given to the group to assist the group in coming up with viable proposals. The group had been advised by the Section 151 officer that any proposals must be signed off by the Section 151 officer. This had not happened, however the Executive Member thanked the officers for spending time with the alternative budget group to go through the budget.

The Executive Member explained that it was with reluctance that the Council had decided to increase the Council Tax. The people of Middlesbrough paid their taxes to the Government and the Government used to redistribute the money to Councils to pay for things such as Social Care, vulnerable children, looking after the roads and keeping the area tidy. Unfortunately, the Council did not have any other option due to the cuts in Government funding. The Government were advising Councils to raise the money locally by increasing Council Tax, business rates or fees and charges in order to fund Social Care.

The reason why the Council Tax had increased by an additional 1% is because the Government had suggested that Councils raise it by 1% despite Councils lobbying the Government for additional funding to cover the gaps in funding for Social Care and vulnerable children. The Council had also lobbied the Government to provide a decent pay rise for staff but the Government had suggested that Council Tax be raised. The Executive Member thanked Councillors and officers for lessening the impact on the budget savings.

Members made the following comments with regard to the budget::

- The budget report in respect of the Change Programme did not outline what the failings were
- A query was raised in respect of how many of the proposed saving from previous years had failed to materialise or fully materialise and what lessons had been learned.
- Reference was made to paragraphs 20 - 24 with regard to which statute the Council had relied on in relation to the consultation process.
- Reference was made to Appendix A - ROI 04 - recharge costs of paying the Living Wage Foundation rate to cleaning staff to local schools on a phased basis and it was suggested this could be counterproductive as it could encourage academies to seek services elsewhere.
- Reference was made to VFM 02 regarding a revised delivery model for sheltered housing support delivered by the Thirteen Group and whether it posed a risk to vulnerable residents.
- Reference was made to VFM 04 regarding ceasing funding for separate CAMHS for LAC and the proposal to deliver the service by the central CAMHS team - saving may not be achieved because of the increase in LAC.
- Reference was made to P&I 03 - savings from the disbandment of the Joint Public Health with Redcar and Cleveland.
- Savings in rent via the purchase of Resolution House.
- Increase in Council Tax and car parking charges.
- Cessation of parts of Ayresome industries.

- The Big screen.

A number of members congratulated the Mayor and the officers on the proposed budget and all of the hard work undertaken to produce a balanced budget. It was highlighted that 147 out of 152 local authorities had increased Council Tax. During the debate a number of points of order were raised and addressed by the Chair of the Council.

The Mayor was invited to sum up prior to the vote on the budget.

In accordance with statutory regulations a recorded vote was taken by roll call of those Members present at that time, the results of which were as follows:-

Votes for (28):

The Mayor, D Budd, Councillors Bloundele, (Chair), Blyth, Brady, Branson, Brunton Dobson, Carr, Dean, Goodchild, Harvey, Hellaoui, Higgins, Hussain, Lewis, McGee, G Purvis, P Purvis, C Rooney, D Rooney, Rostron, Storey, Thompson, Uddin, J A Walker, N J Walker, Walkington, Walters, L Young.

Votes against (7):

Councillors Coupe, C Hobson, J Hobson, Hubbard, Mohan, Rathmell, J Young.

Abstained from Voting (2)

Davison and McGloin.

Moved, seconded and **ORDERED** as follows:

1. That the Council approves the budget reductions outlined at Appendix A;
2. That that Council approves the budget requirement for 2018/19 to be set at £111,285,339, as detailed in Appendix B;
3. 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 Council approves that the basic amount of Council Tax (Band D) for 2018/19 be £1,566.81 being a 2.99% 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 4.99% in the basic amount of Council Tax for the whole of the Borough;
4. That the Council approves the estimated basic amount of Council Tax in areas with parish precepts be set at :-

Nunthorpe Parish £1,570.17
Stainton and Thornton Parish £1,576.12
5. That the Council approves the amounts of Council Tax for each category of dwelling be set in accordance with table 4 of Appendix E within the report;
6. That the Council approves the updated Investment Strategy as set out in Appendices G and H;
7. That the Council notes the refreshed Medium Term Financial Plan set out in this report; and
8. That the Council approves the Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators as outlined in Appendix F.