

<b>Report of:</b>	Elected Mayor of Middlesbrough, Strategic Director of Finance, Governance and Support
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**AGENDA ITEM 3**

<b>Submitted to:</b>	Council, 4 March 2019
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<b>Subject:</b>	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2019/2020
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**Summary**

**Proposed decision(s)**

That the Council approves the budget savings for 2019/2020 and notes the proposed budget savings initiatives for 2020-22 which will require further development prior to being brought forward for approval (Appendices 1-3);

That the Council approves the budget requirement for 2019/2020 to be set at £111,926,328, as detailed in Appendix 4;

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 2019/2020 be £1,644.99 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 adult social care. This Council Tax increase is in line with Government assumptions relating to the funding available to the Council. In total this represents an increase of 4.99% in the basic amount of Council Tax for the whole of the Borough;

That the Council approves the actual amount of Council Tax (Band D) for areas with parish precepts (excluding Fire and Police) be set at :-

Nunthorpe Parish	£1,648.76
Stainton and Thornton Parish	£1,653.82

That the Council approves the amounts of Council Tax for each category of dwelling be set in accordance with table 4 of Appendix 7 within the report;

That the Council notes the refreshed Medium-Term Financial Plan position for 2019-22 set out in this report;

That the Council notes the updated Investment Strategy for the period to 2021/2022 as set out in Appendix 8.

That the Council approves the Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) 2019/2020 as outlined in Appendix 9.

That the Council approves the updated Treasury Management Practices Statement as outlined in Appendix 10.

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?</b>
Decision	Yes – over the financial threshold (£150,000) and affects more than two wards	No	No

<b>Contribution to delivery of the 2018-22 Strategic Plan</b>		
<b>Business Imperatives</b>	<b>Physical Regeneration</b>	<b>Social Regeneration</b>
The proposals in the report will ensure that the Council operates efficiently and effectively, so that Physical and Social Regeneration outcomes are maximised.	The proposals will ensure that investment is made in Middlesbrough to provide and improve facilities which act to increase the town's reputation, create social opportunity, and improve the Council's finances.	The proposals in the report will ensure that appropriate consultation and engagement is undertaken on proposals that impact on the social regeneration agenda.

<b>Ward(s) affected</b>
Expenditure outlined in the revenue and capital budgets will positively impact on all wards in Middlesbrough.

## **What is the purpose of this report?**

1. This report presents the recommended Revenue Budget of £111.9m, Council Tax of 4.99% (paragraphs 52 to 69), and Capital Strategy Report for 2019/2020 (paragraphs 102 to 111).
2. Following on from the previous report approved first by Executive and then by Council on 5 December 2018, this report also provides a refreshed Medium Term Financial Plan for the period 2019/2020 to 2021/2022 to reflect the 2019/2020 Local Government Finance Settlement (paragraphs 70 to 101).
3. The Medium Term Financial Plan update in this report is integrated with the £166.1 million Investment Strategy for Middlesbrough for the period to 2021/2022, supported by £105.4 million of the Council's own resources, an update of which was agreed by Council on 5 December 2018. The updated Investment Strategy is shown in Appendix 8. This strategy is intended to attract a total of over £700 million of third party investment into the town and its infrastructure.
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.

## **Why does this report require a Member decision?**

5. The Council is required under legislation to set a revenue budget and agree the level of Council Tax and Prudential Indicators for 2019/2020.

## **Report Background**

### **Consultation**

6. The Strategic Plan sets out what the Council is aiming to prioritise over the next three years; the Medium Term Financial Plan sets out the financial envelope that is necessary to achieve those aims and the savings necessary for living within those financial plans (budget savings).
7. The Council approved a Report on 5 December 2018 which provided an update of progress against the Strategic Plan 2018-22, an update in respect of the Council's Medium Term Financial Plan position for the period 2019/2020 to 2021/2022, outlined the Council's overall approach to deliver saving initiatives setting out a summary of individual saving initiatives, and also updated the Council's Investment Strategy for 2018-22 including providing investment for new schemes totalling £14.6m.
8. The Elected Mayor set out a series of proposed budget savings initiatives which amounted to £5.717 million in 2019/2020.
9. The duty to consult, where proposals affect individuals or groups of individuals, arises both in statute and through common law. As in previous years, the proposals

were all assessed for potential impact on the public; where such an impact was or may have been identified, those proposals were placed in a separate Appendix and formed part of a public consultation exercise which commenced in December. This consultation was conducted in accordance with any applicable legal requirements and two member briefings were scheduled.

10. A general consultation email address was launched along with a consultation section on the Council's website, promotional posters in the hubs, bus station and Customer contact centre, along with the availability of promotional business cards for members if they requested them.
11. Overview and Scrutiny Board were involved in scrutinising the budget consultation process from an early stage and also examined the proposed budget savings initiatives and recommended re-examination of the wording of some of the proposed budget savings initiatives, and also recommended an amendment to one of the budget savings initiatives which was implemented.
12. A consultation period of just over six weeks has been undertaken, which closed on 18 January 2019. The consultation exercise consulted residents, businesses and partners on the budget savings initiatives. In addition to regular updates to Executive members the Strategic Director of Finance, Governance and Support gave a presentation prior to the Council meeting in December which was available to all Council members. A total of 16 Members attended the all-members session in December. The Elected Mayor also conducted a specific consultation meeting with the business sector on the 15 January 2019.
13. There have been thirty four responses to the Council's online consultation on its proposed budget savings initiatives. In addition there were three responses to the budget consultation email address. Full details of the consultation are provided in paragraphs 126 to 141 of this report.
14. Following the budget consultation period, the Elected Mayor has confirmed recommendation of all of the proposals outlined in the 5 December 2018 report. Following a review some of the proposed budget savings initiatives in Appendix 1 of the December report (initiatives requiring no, or no further consultation or impact assessment) originally planned for 2020/2021 have been accelerated into 2019/2020. This means that the overall package of savings will be £5.907m in 2019/2020.

### **The Local Government Finance Settlement**

15. The provisional Local Government Finance Report for 2019/2020 was released on the 13 December 2018. This set out detailed Local Government figures on an individual authority basis for 2019/2020 only. The final settlement was confirmed on the 29 January 2019.
16. In 2018/19 Middlesbrough Council had a total net budget requirement of £111.285 million, of which £16.534 million (14.9%) was funded from general Revenue Support Grant and £51.894 million (46.6%) was funded by Council Tax. The Revenue Support Grant is facing a £4.575 million (27.7%) reduction from 2018/2019 to 2019/2020. There is a government expectation that the gap will be made up by revenue raised locally such as through Council Tax and Business Rates.

17. Government funding for local government as a whole has fallen substantially since 2010. Since changes were made to the Local Government Finance System in 2013/2014 Middlesbrough Council has suffered a significant reduction in Government funding, with a reduction of £42.4m (52%) from £81.2m received in 2013/2014 to £38.8m in 2019/2020. Further detail is provided in paragraphs 81 to 87.
18. The Government's Budget Statement on 29 October 2018 announced a number of new measures and potential additional funding for local government. These were subsequently clarified in the provisional local government settlement of 13 December 2018 and were confirmed in the final settlement 29 January 2019.
19. Additional one-off grant funding of £758,000 for Adult Social Care Winter Pressures for 2019/2020 only was confirmed. Also a one-off Social Care Support Grant of £1.295 million for 2019/2020 only, relating to both Adult and Children's Care, was confirmed. The use of this additional one-off funding for 2019/2020 only is outlined in paragraphs 37 and 38.
20. Additional one-off funding of £695,000 for 2019/2020 only, relating to a surplus on the Business Rates Retention Levy Account, was also confirmed. This is money being returned to the Council which had previously been top-sliced from the Revenue Support Grant in 2013/14.
21. These are one-off funding changes so while they have been included for 2019/2020 they cannot be assumed to continue beyond that and therefore do not assist with tackling recurring funding pressures.
22. The final settlement also provided details of the estimated amount of New Homes Bonus Grant for the years 2019/2020 to 2021/2022. The amounts are lower than previously assumed in the Medium Term Financial Plan by £335,000 for the years 2019/2020 to 2021/2022.
23. Under the current business rates retention system Middlesbrough receives a top-up payment as the assessed cost of providing services in the Borough is greater than the share of business rates retained locally. The top-up payment to Middlesbrough has increased from £26.042 million in 2018/2019 to £26.861 million in 2019/2020, an increase of £0.819 million (3.1 %).
24. An estimate has been made of retained business rates income in 2019/2020 of £17.451 million. This figure represents an increase of £132,000 (0.8%) on 2018/2019. This is only a small increase on the 2018/2019 figure due to the implementation of a new Retail Discount Relief introduced by the Government to support retail businesses on the high street with a rateable value below £51,000, as a result of the disparity with these and online retailers with regards to rates costs. The Council should receive 100% compensation for their share of this and therefore it is estimated that the Council will receive £1.321 million additional Section 31 Grant to compensate for this new relief.
25. 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. Performance against this estimate will be closely monitored over the course of 2019/2020.

## **Proposed Revenue Budget 2019/2020**

### ***Budget Principles***

26. In preparing the 2019/2020 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 in line with Government assumptions on income raising;
  - to maintain appropriate balances, central provisions and earmarked reserves;
  - to make appropriate provisions for assessed liabilities;
  - to make services fully accountable for their own budgets and spending, including additional pressures. Calls on the Medium Term Financial Plan should only be made when local and directorate resources are exhausted;
  - to maintain 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;
  - to address structural budget issues;
  - 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; and
  - to ensure effective budget consultation processes are followed.
27. To ensure that the impact of legislative changes are considered as part of the budget setting process and in view of the continued effect of austerity on the Council's Medium Term Financial position it is proposed to agree the following, additional, budget setting principles: -
- to embed unit cost budgeting principles to understand the cost of delivery and ensure charges reflect the local market;
  - to support budgetary investment in economic growth to drive increase in income through council tax and business rates;
  - on termination of a specific grant, a business case for any continued funding will be prepared, which will need to be assessed against other pressures on the Medium Term Financial Plan;
  - all specific reserves require approval by the Strategic Director – Finance, Governance and Support, where specific reserves exist these will be reviewed regularly by the Strategic Director – Finance, Governance and Support as part of the Medium Term Financial Plan refresh to ensure that they are still

required; uncommitted funds may need to be used to fund pressures elsewhere;

- any revenue budget where there has been a significant underspend for two or more years will be reviewed with a view to reallocating funds;
- the Investment Strategy will be reviewed regularly to ensure an ongoing need for allocated funding with a view to reallocating funds which are not required; and
- a consistent framework for budgeting for staff costs will be implemented.

### ***Budget Assumptions***

28. The following budget assumptions have been applied: -

#### *Pay awards and inflation*

29. Provision has been made in 2019/2020 for the Local Government Employers Pay Award made in December 2017. £2.8 million has been included in 2019/2020 for the effect of this. This is an increase on the £2.5 million included in the revised MTFP reported in December, due to a requirement to make changes to ensure that the pay award was applied consistently across all scale points within grades.
30. Contractual inflation at a total cost of £1.3 million has been assumed for 2019/2020 for specific types of expenditure where significant inflationary pressures are predicted.
31. An appropriate central pay and prices provision of £0.2 million has been made for the financial year to guard against unexpected demand or price pressures that may arise in year.
32. Provision of £0.79 million has been made for the impact of the increase in the National Living Wage on the costs of services commissioned by the Council.
33. Income from fees and charges has been assumed to increase on average by 2.5% p.a. There is no increase assumed for car parking charges in 2019/2020, and no increase assumed for statutory charges which are dealt with separately.
34. Provision has been made in the 2019/2020 budget for an anticipated recurring pressure from 2018/2019 of £3.395 million, principally relating to pressures in Children's and Adults' Social Care in line with national trends in these areas. This has been detailed in the 2018/2019 quarterly Strategic Plan progress budget and performance reports. Action plans have been produced by Directorates and agreed with the Strategic Director of Finance, Governance and Support in order to attempt to mitigate this pressure, however at this stage and in light of the need for prudence this amount has been included in the revised MTFP.

#### *Safeguarding and Children's Care*

35. In line with national trends 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. The gross impact of the increased demand on the service is shown below:-

<b>Safeguarding and Children's Care – Net Pressures</b>	<b>2019/20 £ms</b>	<b>2020/21 £ms</b>	<b>2021/22 £ms</b>
Additional in-year	1.745	1.479	1.478

36. The Believe in Families Transformation Programme which commenced in 2018/2019 and which will continue for the period 2019/2020 to 2021/2022 is expected to deliver savings by reducing the number of children who require care and the unit cost of care packages. It is envisaged that these savings will mitigate the above costs as follows:

<b>Safeguarding and Children's Care – Net Savings</b>	<b>2019/2020 £ms</b>	<b>2020/2021 £ms</b>	<b>2021/2022 £ms</b>
Mitigation of Demand	(1.500)	(1.500)	(1.500)
Additional Savings	(0.631)	(0.599)	(0.292)

#### *Social Care*

37. The one off Adult Social Care Winter Pressures Grant of £758,000 for 2019/2020 only confirmed in the Final Settlement has been fully allocated to Adult Social Care
38. The one-off Social Care Support Grant of £1.295 million for 2019/2020 only confirmed in the Final Settlement will be allocated between Adult and Children's Social Care.

#### *Other Changes*

39. Provision has been made for reduction in specific grants including New Homes Bonus £377,000, Public Health Grant £443,000 and Housing Benefit / Council Tax Support Administration Grant £100,000.
40. The 2019/2020 draft budget does minimise 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.

#### ***Budget Savings***

41. Change Programme savings are evaluated on an ongoing basis to ensure they are still achievable and have effective programme and project governance. As a result of the most recent review the effect on 2019/2020 is that £0.2 million of Change Programme savings initially planned for 2020/2021 will be accelerated into 2019/2020 and £0.6 million initially planned for 2019/2020 will be moved into 2020/2021. All savings transferred between years were proposed budget savings initiatives that required no, or no further consultation or impact assessment prior to consideration by Full Council as part of the 2019/2020 revenue budget for implementation in 2019/2020 or future years.



42. Following the consultation process two budget savings initiatives (ASC04 and ASC05) require further consultation and impact assessments to be completed in year when initiatives have been developed further, and before any decision is taken to implement. These are detailed in paragraph 134.
43. The recommended budget savings for 2019/2020 are summarised below and detailed in Appendices 1-2:
- £4.0 million in relation to ongoing efficiencies/budget savings that were previously approved by Council in March 2018
  - £4.3 million in relation to budget savings initiatives that required no further consultation (Appendix 1)
  - £0.75 million in relation specific savings initiatives that have been subject to consultation prior to the 2019/2020 budget (Appendix 2)
  - £0.85 million in relation to specific savings initiatives requiring an in year decision in 2019/2020 once the detail of the proposal is developed (Appendix 2)

### ***Adequacy of Financial Reserves***

44. 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.
45. Proper consideration has to be given to: -
- working balances to help cushion the impact of uneven cash flows and to avoid unnecessary temporary borrowing;
  - general fund reserves to provide a contingency for the impact of unexpected events or emergencies; and
  - specific earmarked reserves to meet known or predicted liabilities.
46. The Strategic Director of Finance, Governance and Support has reviewed the proposed level of balances held in the general reserve and advised that he considers it is appropriate to continue to maintain a minimum of £9.4 million over the medium term. This advice is based on an assessment of financial risks against criteria set out by the Chartered Institute of Public Finance and Accountancy and the extent to which specific provisions are available to meet known and expected liabilities.
47. The main high level factors affecting this assessment are the degree of uncertainty in the financial and economic climate for local government, notably the introduction of a new funding formula for 2020/2021 and the potential impact of Brexit; the continued potential for increased demand and costs in children's and adults social care; and the reduction in the level of specific reserves and provisions over the last two years.
48. 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.

49. 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.
50. The following table demonstrates our planned use of the General Fund Reserve over the Medium Term.

	<b>2019/2020</b> <b>£` million</b>	<b>2020/2021</b> <b>£` million</b>	<b>2021/2022</b> <b>£' million</b>
Estimated Opening Balance	11.478	9.765	9.542
Planned Use	-1.713	-0.223	0.000
Estimated Closing Balance	9.765	9.542	9.542

51. The Strategic Director – Finance, Governance and Support has confirmed that the budget calculations for 2019/2020 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.

### ***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 Local Government Finance Settlement 2019/2020.
53. In the Local Government Finance Settlement confirmed on the 29 January 2019 the Government confirmed that Councils would be able to put up Council Tax by 2.99% before being required to hold a local referendum, and also confirmed that the level of funding available to councils assumed a council tax increase at this rate. In line with this assumption Middlesbrough will increase its Basic Amount of Council Tax in 2019/2020 by 2.99%.
54. Since 2013/14 the Council's Housing Growth Strategy has delivered an increase in the Council Tax Base of 3,437 Band D Equivalent properties, an increase in Middlesbrough Council's Tax Base of 11.4%. The cumulative effect is £5.6m and reduces the need to make further annual savings within Council services by this amount.
55. In order to recognise the increasing costs and responsibilities of adult social care, in the 2017/2018 Settlement the Government introduced the flexibility for Councils with responsibility for Adult Social Care to increase Council Tax by up to 3% in each year

as long as the precept does not total more than 6% in the period 2017/2018 to 2019/2020. Middlesbrough Council confirms its intention to use this freedom to increase Council Tax by an additional 2% in 2019/2020 following on from the 2% increases in 2017/2018 and 2018/2019. It should be noted that some councils may have already applied the maximum 3% per annum increase in 2017/2018 and 2018/2019, and will therefore not be permitted to increase the Adult Social Care precept further in 2019/2020.

56. Consideration should be given in relation to the impact on the local Council Tax payer. 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 and a lower Council Tax Base as a result of lower property values are disadvantaged by this approach as each percentage increase in Council Tax will raise less than more affluent areas with a greater proportion of higher banded properties.
57. In recognising that Middlesbrough is seeing increasing demand for Adult Social Care; it is proposed to apply the 2% levy which will generate £1.053m in much needed resources to support our most vulnerable adults through a series of preventative and early help initiatives.
58. The Council is required to set a budget for 2019/2020. 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 2019/2020.
59. The Budget requirement for 2019/2020 is estimated to be £111.926 million as detailed in Appendix 4.
60. The basic (Band D) Council Tax for Middlesbrough as a whole is calculated as follows:

	£	£
Budget Requirement		111,926,328
Less:		
Revenue Support Grant	11,958,845	
Top up Payment	26,861,355	
Local Share of NNDR	17,451,146	
		56,271,346
Net Requirements		55,654,982
Council Tax Collection Fund Surplus		(370,158)
	(a)	55,284,824
Taxbase	(b)	33,608
Basic Council Tax	(a) / (b)	1,644.99

The basic amount is now relevant only for statistical purposes, but must still be calculated by law. It represents the average tax paid across the Council area, including parish precepts.

61. The table at point 60 relates only to Middlesbrough Council's element of the Council Tax and excludes Cleveland Police and Crime Commissioner and Cleveland Fire Authority precepts.
62. The level of Council Tax associated with the budget requirement represents a general 2.99% increase in Council Tax and an additional 2.00% increase in the Adult Social Care Precept introduced by the Government in November 2015 to contribute towards the shortfall in funding for adult social care. In total this represents a 4.99% increase for Middlesbrough Council's element of the Council Tax for those areas without precepts.
63. The calculation of the actual Council Tax (Band D) for parish and non-parish areas (Middlesbrough Council only element) is as follows:-

a) Areas other than Nunthorpe and Stainton & Thornton:-

	£	£
Basic Amount as above:		1,644.99
Less : Parish Precepts	16,252	
Divided by Tax Base	33,608	
Equals		0.48
<b>Band D Tax</b>		1,644.51

b) Nunthorpe:-

	£	£
Add: Parish Precept	9,000	
Divided by Tax Base	2,120	
Equals		4.25
<b>Band D Tax</b>		1,648.76

c) Stainton & Thornton:-

	£	£
Add: Parish Precept	7,252	
Divided by Tax Base	779	
Equals		9.31
<b>Band D Tax</b>		1,653.82

64. Tax levels for all bands are set in varying proportions to the band D level, and are set out in table 1 of Appendix 7.
65. For the Middlesbrough Council only element of the Council Tax this represents a £52.08 annual and a £1.00 weekly increase for Band A council tax payers and a £78.11 annual and a £1.50 weekly increase for Band D council tax payers.
66. Cleveland Fire Authority has set a precept for Middlesbrough of £2,599,915. The council tax levels for 2019/2020 are set out in table 2 of Appendix 7.
67. Cleveland Police and Crime Commissioner has set a precept of £8,420,148 and council tax levels for 2019/2020 are set out in table 3 of Appendix 7.
68. 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 7.
69. The overall impact on the band D council tax is as follows:-

Middlesbrough Council	4.99%
Cleveland Police and Crime Commissioner	10.59%
Cleveland Fire Authority	2.90%
Overall Increase	5.58%

### **Medium-Term Financial Plan to 2022**

70. 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 2019-22 through transformational efficiency initiatives managed through the Council's Change Programme;
  - identifies an indicative potential savings requirement for the financial years 2020/2021 and 2021/2022; 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.
71. The refreshed MTFP identifies that further savings of £12.0m are required for the period 2019/2020 to 2021/2022 over and above those already approved by Council, as set out below:

	2019/20 £ms	2020/21 (Indicative) £ms	2021/22 (Indicative) £ms	Total £ms
Spending pressures	16.547	6.332	5.216	28.095
Government funding changes	(0.530)	4.449	0.867	4.786
Local funding increases	(4.396)	(1.426)	(1.888)	(7.710)
<b>Budget gap</b>	11.621	9.355	4.195	25.171
Planned Savings	(4.001)	(4.201)	(2.582)	(10.784)
<b>Savings proposed</b>	<b>(5.907)</b>	<b>(4.457)</b>	<b>(1.661)</b>	<b>(12.025)</b>
<b>Savings proposed - Invest to Save projects</b>	<b>0.000</b>	<b>(0.388)</b>	<b>(0.090)</b>	<b>(0.478)</b>
<i>Use of reserves</i>	(1.713)	(0.223)	0.000	(1.936)
<b>In-year budget position</b>	<b>0.000</b>	<b>0.086</b>	<b>(0.138)</b>	<b>(0.052)</b>

72. 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.

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

### ***National Context***

74. In the wake of the financial crisis in Northamptonshire County and the subsequent vote to abolish the Council, there is increasing evidence of the major issues around financial sustainability in local government. Other Councils, including Somerset County Council, East Sussex County Council, Birmingham City Council, Lancashire County Council, Suffolk County Council, Torbay Council, West Sussex County Council, Hartlepool Borough Council, and Oxfordshire County Council have all reported that they are suffering from major financial pressures.

75. The Public Accounts Committee of the House of Commons published a report on 4 July 2018 which set out the urgency of the issues faced by Northamptonshire County Council and its view that the continued use of its reserves was not sustainable.

76. Middlesbrough Council acted pro-actively and undertook an assessment of its own position relative to the issues raised in Northamptonshire and reported that to the Corporate Affairs and Audit Committee on 29 May 2018. In summary the Council's view was that while there was considerable pressure on finances, the Council had financial management processes in place which meant that it was in a much better position to deal with those pressures than Northamptonshire.

77. It is likely that financial resilience will become one of the key components of external audit work in future years, although the proposed CIPFA financial resilience index for local authorities does not now look as likely to be introduced.

78. According to figures from the National Audit Office, the impact on spending power has been felt most acutely in local authorities such as Middlesbrough with relatively

high levels of deprivation. While Middlesbrough has faced a 36% decrease in overall spending power since 2010, the national average is 29% and some authorities have seen lower reductions, for example Wokingham has reduced by only 16%. The decrease in Middlesbrough Council's overall spending power would be higher than 36% if the Council had not achieved significant Housing Growth and increased Council Tax.

### ***Brexit***

79. The potential impact of Brexit on the local economy remains a considerable risk to the Council's strategic objectives. At the time of writing the picture beyond 29 March 2019 is very unclear and the risks around this have therefore increased. The Council has monitored and managed the risks and opportunities of Brexit closely for a number of years through the Strategic Risk Register, however given the lack of clarity about what will happen and the need to meet financial pressures in the Council as a whole no specific financial provision has been made from Council resources for different Brexit scenarios as to how they might affect services.
80. However, the Government announced on 28 January 2019 that additional funding would be provided to councils to enable them to carry out general preparations for Brexit. Middlesbrough Council will receive a total of £210,000 additional funding comprising of £105,000 in 2018/2019 and £105,000 in 2019/2020. It is proposed that this is kept in a specific reserve to be drawn down as appropriate.

### ***Government funding changes***

81. Government funding for local government as a whole has fallen substantially since 2010. Since changes were made to the Local Government Finance System in 2013/14 Middlesbrough Council has suffered a significant reduction in Government funding, with a reduction of £42.4m (52%) from £81.2m received in 2013/2014 to £38.8m in 2019/2020.
82. The Government provided greater certainty by providing what was in principle a four year settlement for local government from 2016/2017 to 2019/2020. However, there is still a very high level of uncertainty about funding levels from 2020/2021 onwards.
83. Government funding has been assumed to fall further during the period to March 2020. No further funding reductions post April 2020 have been assumed, and any further reductions would create a gap in the MTFP. The Government's direction over a number of years has been towards self-sufficiency for local authorities and it is currently consulting on proposals for a system by which local authorities retain more of their own business rates in 2020/2021 and beyond. Given the consultation, it is not yet clear how this system will operate and what the risks and opportunities will be for Middlesbrough.
84. Alongside the provisional local government settlement for 2019/2020 announced on 13 December 2018, the Government is carrying out a further consultation on the implementation of a new "fair funding" formula for local government funding from 2020/2021. The key for Middlesbrough, as for other authorities, will be in how the new formulae are derived. The extent to which deprivation is recognised as a key cost driver for service need - in particular adults' social care, children's social care

and public health, will be vital. There is a risk that Middlesbrough sees further net reductions in funding both in real terms and in relation to other local authorities. This is not currently planned for and would result in a requirement for further budget savings.

85. There is also a proposal to revise the formula for the Public Health grant for 2020/2021. This has previously been ringfenced; the proposal is to roll it into the main Revenue Support Grant. Again the key will be what factors are considered in the formula. While the Council may gain some greater flexibility in how this grant is applied, under some scenarios the level of the grant will be considerably lower.
86. It is also highly likely on the back of the fair funding review that there will be a full Spending Review implemented in Autumn 2019. The timescales for implementation will be extremely short. This uncertainty represents a further risk; however officers are regularly in communication with Ministry of Housing, Communities and Local Government through various channels to ensure that the latest information is factored in at a strategic level.
87. Notwithstanding these high levels of uncertainty, the Council's budgetary assumptions are based on the most up to date reliable information. In this report the impact for 2020/2021 and 2021/2022 has been estimated, but these figures are necessarily less robust than the figures for 2019/2020. At this stage, it is assumed that any future changes will not result in a further reduction in Council funding for 2020/2021 and 2021/2022:

<b>Funding Stream</b>	<b>2019/20 £ms</b>	<b>2020/21 (Indicative) £ms</b>	<b>2021/22 (Indicative) £ms</b>
Revenue Support Grant	11.959	9.705	9.705
Business Rates Top Up	26.861	29.115	29.115
New Homes Bonus	1.972	1.341	1.174
Housing Benefit Administration Grant	0.997	0.997	0.997
Public Health Grant	16.344	15.644	14.944
Improved Better Care Fund	7.634	7.634	7.634
2019/20 New S31 Retail Discount Grant	1.321	0.951	0.951
2019/20 Business Rates Retention Levy Account Surplus	0.695	0.000	0.000
2019/20 Social Care Winter Pressures Grant	0.758	0.000	0.000
2019/20 Social Care Support Grant	1.295	0.000	0.000
<b>Total:</b>	<b>69.836</b>	<b>65.387</b>	<b>64.520</b>

### ***Local funding increases***

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



<b>Funding Stream</b>	<b>2019/20 £ms</b>	<b>2020/21 (Indicative) £ms</b>	<b>2021/22 (Indicative) £ms</b>
Council Tax Core	51.298	53.094	54.982
Council Tax : Adult Social Care Levy	3.987	3.987	3.987
Local Share of Business Rates	17.451	17.451	17.451
Collection Fund Surplus / (Deficit)	0.370	0	0
<b>Total:</b>	<b>73.106</b>	<b>74.532</b>	<b>76.420</b>

89. While there is a direction of travel towards self-funding for local authorities, as noted above there is now increased uncertainty in respect of how and when this will be implemented. Previous assumptions in relation to local funding have therefore been maintained i.e. that from 2020, Government support to local government through the Revenue Support Grant will be reduced, and councils will need to be self-funding, through Council Tax, Business Rates, and other localised sources of income.
90. Therefore, in accordance with changes introduced by central government in 2015 on the limits for such increases, it had been assumed that the Council would 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. In the December 2017 Provisional Local Government Finance Settlement the government increased their assumption on Council Tax rises by 1% to a 2.99% increase in 2018/2019 and 2019/2020. These assumptions of a 2.99% increase in core Council Tax in 2019/2020 and then a 1.99% increase in 2020/2021 and 2021/2022 are now reflected in the MTFP and are in line with the Government's own assumptions within the Local Government Finance Settlement.
91. In the 2017/2018 Settlement the Government introduced the flexibility for Councils with responsibility for Adult Social Care to increase Council Tax by up to 3% in each year 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 up to 2019/2020 as previously assumed in order to help protect residents from sharp Council Tax increases.

### ***Pay awards and inflation***

92. The pay offer made by Local Government employers in December 2017 has been assumed for 2019/2020, as detailed in paragraph 29. For future years an overall 2% pay award has been assumed with an estimated impact of £1.7million in each of the years 2020/2021 and 2021/2022.
93. Contractual inflation at a total cost of £4.7 million has been assumed for the MTFP period from 2019/2020 to 2021/2022 for specific types of expenditure where significant inflationary pressures are predicted to be incurred.
94. Income from fees and charges has been assumed to increase on average by 2.5%. There is no increase assumed for car parking charges in 2019/2020, and no increase assumed for statutory charges which are dealt with separately.

### ***Living Wage***

95. 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. It is calculated that the implementation of the Local Government Employers Pay Offer would ensure that the Council's pay rates would remain above the Living Wage Foundation Rate for the MTFP period.
96. 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 £2.9m has been allocated over the period to cover the increases in costs expected as a result of these pressures.

<b>Statutory minimum wage (National Living Wage)</b>	<b>2019/20 £ms</b>	<b>2020/21 £ms</b>	<b>2021/22 £ms</b>
Additional in-year	0.794	1.040	1.040

### ***Demand pressures***

97. Both Children's and Adult Social Care demand continues to be identified as a potential risk and will be closely monitored over the Medium Term Financial Plan period.

### ***Use of Reserves and Balances***

98. Over the MTFP period to 2022, the Council plans to utilise £1.9 million of its reserves and 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.
99. Over the MTFP period to 2022, the Council intends to use the remaining £2.7 million from its Change Fund in order to support transformational activity to deliver its Strategic Plan.
100. The planned use of balances will reduce the Council's General Fund balance to £9.5 million by the end of the 2021/2022 financial year, in line with the Council's recommended General Fund level.

### ***Contingency***

101. Following a review of the achievability of the proposed savings and the requirement to balance the MTFP over the period the previously agreed contingency of £1.2m per annum provided for 2019/2020, 2020/2021 and 2021/2022 has now been removed. A robust programme plan for achieving the savings has been developed following the Council's Project Management Framework to maximise the chances of achieving savings over this period.

## **Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) & Treasury Management Practices**

102. 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.
103. 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.
104. 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. From 2019/2020 the Code sets out that these must be presented in the form of a Capital Strategy Report which links the Council's investment strategy with the financial and budgetary implications of these decisions and the overall level of indebtedness.
105. The Prudential Code also introduced guidance regarding the way in which surplus funds are invested and guidance requires that an Annual Investment Strategy is approved by Council
106. 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.
107. 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 and one of the Prudential Indicators (% of capital financing costs against the net revenue budget) addresses this explicitly over the medium term financial planning period.
108. 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.
109. Appendix 9 sets out the proposed capital strategy report (covering the necessary prudential indicators, together with the investment strategy and minimum revenue provision policy) for Council to approve. This report explains the context of the Council's financial plans against the required prudential indicators to assist in drawing conclusions around affordability, sustainability and prudence.

110. An additional element of the Treasury Management Code of Practice for local authorities, which is the operating framework for most local authorities under the Prudential Code, is that they should adopt a set of Treasury Management Practices as a best practice requirement. This document was adopted initially by the Council back in 2008. Any major changes need endorsement by the original approval body.
111. Revisions to the Prudential Code in late 2017, and changes to the management of the treasury function as a result of the Accountancy Service review during 2017/2018, have resulted in some significant changes to the Treasury Management Practices. As a result this is presented as Appendix 10, with changes highlighted for approval by Council.

**What decision(s) are being asked for?**

112. That the Council approves the budget savings for 2019/2020 and notes the proposed budget savings initiatives for 2020-22 which will require further development prior to being brought forward for approval (Appendices 1-3);
113. That the Council approves the budget requirement for 2019/2020 to be set at £111,926,328, as detailed in Appendix 4;
114. 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 2019/2020 be £1,644.99 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 adult social care. This Council Tax increase is in line with Government assumptions relating to the funding available to the Council. In total this represents an increase of 4.99% in the basic amount of Council Tax for the whole of the Borough;
115. That the Council approves the actual amount of Council Tax (Band D) for areas with parish precepts (excluding Fire and Police) be set at :-
- |                              |           |
|------------------------------|-----------|
| Nunthorpe Parish             | £1,648.76 |
| Stainton and Thornton Parish | £1,653.82 |
116. That the Council approves the amounts of Council Tax for each category of dwelling be set in accordance with table 4 of Appendix 7 within the report;
117. That the Council notes the refreshed Medium-Term Financial Plan position for 2019-2022 set out in this report;
118. That the Council notes the updated Investment Strategy for the period to 2021/2022 as set out in Appendix 8.
119. That the Council approves the Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) 2019/2020 as outlined in Appendix 9.

120. That the Council approves the updated Treasury Management Practices Statement as outlined in Appendix 10.

**Why is this being recommended?**

121. To enable the Council to meet its statutory responsibility to set a balanced revenue budget for the financial year 2019/2020 and to ensure that a proper framework is in place for the medium term financial management of the Council.

**Other potential decisions and why these have not been recommended**

122. Not applicable.

**Impact(s) of recommended decision(s)**

***Legal***

123. The Council is required under legislation to set a revenue budget and agree the level of Council Tax and prudential indicators for 2019/2020.

***Financial***

124. This approach set out within the report would allow the Council to meet its legal obligations in relation to budget setting, and meet the challenging financial targets faced in the MTFP period, while ensuring that there is a minimum impact on the level of service delivered to the public.

***Policy Framework***

125. The revenue and capital budgets form part of the Council's Policy Framework and as such must be agreed by Full Council.

***Equality and Diversity***

126. 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; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

127. 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; and
  - 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.
128. 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.
129. 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.
130. Proposals have been developed which protect frontline services and the town's most vulnerable groups as far as possible. The proposals for the 2019/2020 budget were presented as part of the Report to Council on 5 December 2018 in three categories:-
- Appendix 1: Initiatives that are considered to have minimal or no effect on front line service delivery levels –  
These initiatives require no, or no further public consultation or impact assessment prior to consideration by Full Council as part of the 2019/2020 revenue budget for implementation in 2019/2020 or future years. Some internal consultation may be required prior to implementation if the initiatives have a significant impact on employees, and this will be undertaken by management as appropriate.
  - Appendix 2: - Initiatives considered to potentially affect front line service delivery levels -  
These initiatives will form part of the 2019/2020 revenue budget, and will be subject to the impact assessment process and consultation either prior to consideration by Full Council as part of the 2019/2020 revenue budget, or during 2019/2020 for implementation in that year or future years.
  - Appendix 3: Initiatives requiring further development prior to being brought forward for approval -  
These are initiatives that will be subject to the impact assessment process (where necessary) and on which the Council will consult prior to consideration via either member or officer decision (as appropriate) either during 2019/2020 or in future years. The likely relevant decision making body and provisional timing is listed for each proposal, which may change depending on the nature of the final proposal.
131. Following this announcement, a screening assessment was completed on the proposed savings initiatives contained in Appendix 2 of the December 2018 report, which were:
- Restructure Libraries and Hubs to ensure more efficient working practices, including reduction in reception service, and reduction in the book fund by maximum of £30k

- Implement wild flower bedding throughout town
- Adjustment of Green Waste collection cycle, equating to two less collections per year, comprising of two options (a) Cease Green Waste collections in October, as opposed to November currently, or (b) Monthly Green Waste collections in the months of October and November. Following consultation the Elected Mayor recommends option (b) in line with the recommendations of the Overview and Scrutiny Board.
- Increase charges in Bereavement Services by 2.5% above agreed annual inflationary increase (5% in total), to ensure average charges are more in-line with overall Tees Valley averages for burials and cremations.
- Increase income from Newham Grange Farm, due to increased visitors, ticket prices and secondary sales, reflecting the improved offer.
- Review all contracts with warden support providers to release efficiencies.
- Implement charge for Connect Service to recipients in receipt of Pension Credit Guarantee, historically funded by Supporting People Grant (which has now been removed by Central Government), in line with other users of the service in Middlesbrough and in line with other councils.
- Increase administration charge (to the deceased's estate) for deferred payments, in line with other councils nationally
- Reduce spend through transformation of the drug and alcohol service provision in the following areas:
  - a) Removal of prevention and early intervention spend (development of new schemes, capital expenditure and service improvements), working in partnership with providers to identify alternative ways of achieving service improvements
  - b) Reduction of drugs and dispensing costs for the services based on actual data over recent years
  - c) Partnership working with the NHS, Police and other agencies to seek alternative ways of funding elements of the drugs and alcohol programme where impact is shared across agencies
  - d) Restructure of Middlesbrough Recovering Together services in line with contracts, working across agencies to develop integrated service delivery models, providing client support for both substance misuse and social needs
  - e) Termination of the contribution to the regional Balance Alcohol office and developing a local offer for taking forward the prevention and tackling alcohol related harm agenda

132. In addition the following proposed savings initiative was identified as requiring further development prior to consultation during 2019/2020:

- Review council services that the Public Health grant currently contributes to, with a view to reducing non-core Public Health expenditure by 30% (PHP 006)

133. An impact assessment was completed for each of the proposed savings initiatives and are appended to this report at Appendix 6, along with an overarching impact assessment of the 2019/2020 budget at Appendix 5.

134. As a result, two of the proposed savings initiatives will require further impact assessments to be completed in year when proposals are developed further before any decision is taken to implement:

- Review all contracts with warden support providers to release efficiencies (ASC 04)
- Implement charge for the Connect Service to recipients in receipt of Pension Credit Guarantee, historically funded by Supporting People Grant (which has now been removed by Central Government), in line with other users of the service in Middlesbrough and in line with other Councils (ASC 05)

135. This does not include the following proposal which was identified in the December report as also requiring an in year decision once the detail of the proposal is developed:

- Review council services that the Public Health grant currently contributes to, with a view to reducing non-core Public Health expenditure by 30% (PHP 006)

136. A proposal to deliver this saving will be produced during 2019/2020. At this stage it is possible that there may be a further proposal within this that also impacts on the drug and alcohol service. There are no concerns that the recommendation to implement the first proposal, consulted on as part of the budget consultation, could result in the pre-determination of this second possible proposal. Proposals will be confirmed following the conclusion of negotiations with delivery partners.

137. The impact assessment process found that:

- Six of the proposed savings initiatives were identified as being relevant to the age protected characteristic. None of these six identified that there could be a disproportionate adverse impact on individuals or groups because of age, however two did identify that impact was uncertain at this stage because proposals required further development and they are listed above.
- Three of the proposed savings initiatives were identified as being relevant to the disability protected characteristic. At this stage the impact of these two proposals on the disability protected characteristic is uncertain because the proposals require further development
- Where the impact was known, there were no concerns that proposals could have a disproportionate adverse impact on any of the protected characteristics and none of the proposals with known impacts required a stage two impact assessment.

### Consultation

138. The duty to consult, where proposals affect individuals or groups of individuals, arises both in statute and through common law. As in previous years, the proposals were all assessed for potential impact on the public; where such an impact was or may have been identified, those proposals were placed in a separate Appendix and formed part of a public consultation exercise which commenced in December. This consultation was conducted in accordance with any applicable legal requirements and two member briefing were scheduled.

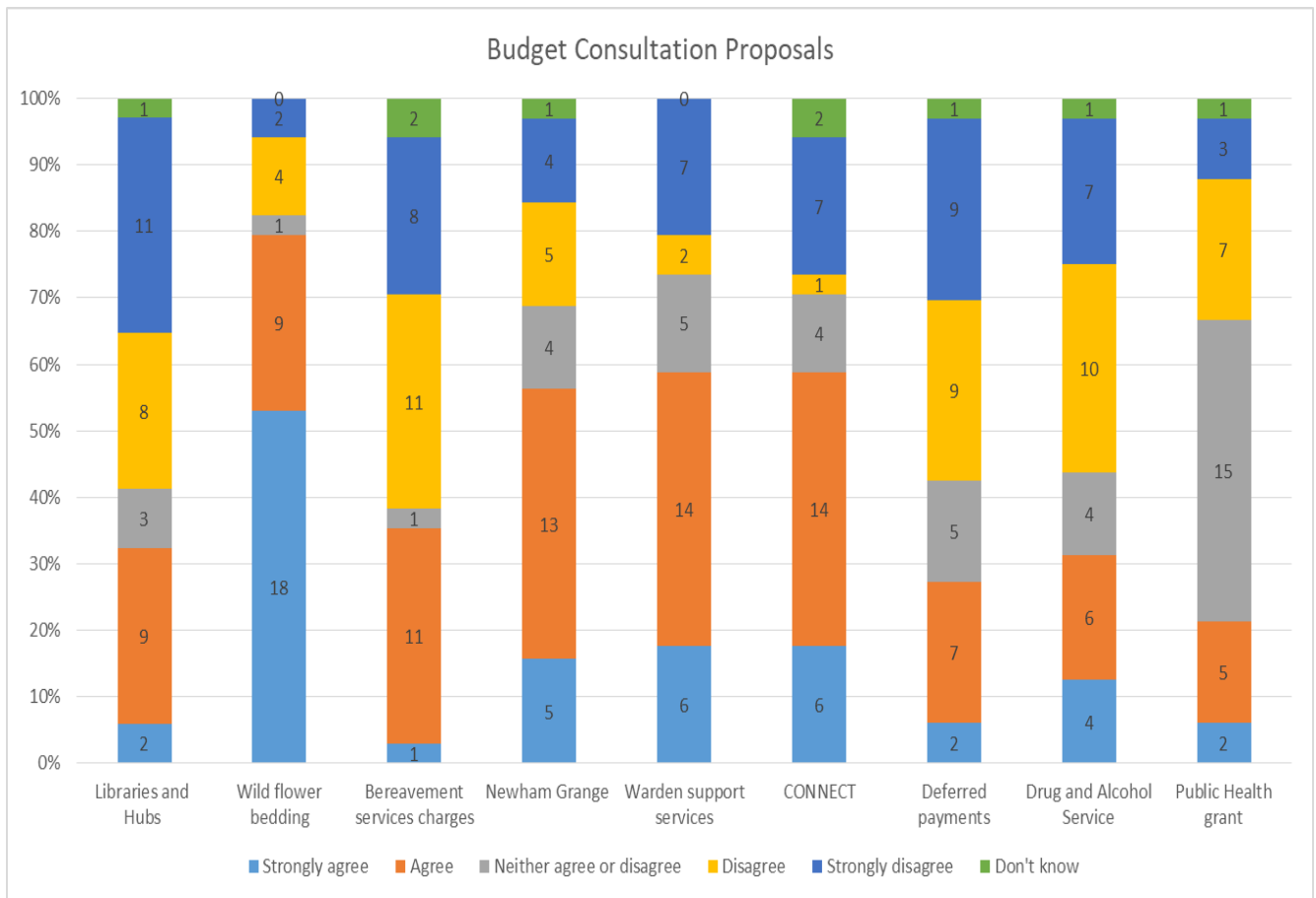
139. A general consultation email address was launched along with a consultation section on the Council's website, promotional posters in the hubs, bus station and Customer contact centre, along with the availability of promotional business cards for members if they requested them. This resulted in receipt of two email responses from individuals, one on behalf of a community organisation, along with thirty four responses through the online consultation survey.



140. In relation to impacts on those with protected characteristics as described previously, comments received were generally around:

- Two individuals expressed concerns that library services should be protected because they felt the elderly would be affected. One individual felt the library service proposal would impact adversely on children - the proposal would not impact on opening hours or access.
- In relation to the green waste service proposal, there was a majority in favour of option (b) - monthly collections in October and November, and the Elected Mayor recommends option (b) in line with the recommendations of the Overview and Scrutiny Board.

141. General views on the proposed savings initiatives expressed by the thirty four responders to the survey are listed below for each of the remaining proposals:



**Risk**

142. The proposed approach will ensure that the Council has adequate governance processes in place (08-054) to ensure it complies with the statutory duties to set a balanced budget (08-055). The MTFP has been reviewed to ensure that the correct assumptions are made to ensure that there is no unforeseen/unmitigated funding gap (08-059) and that a balanced budget can be set for future years (08-009). The

Change Programme is seeking to transform the organisation for both employees and customers so the identified saving required can be achieved (08-056).

### **Actions to be taken to implement the decision(s)**

143. If approved, the proposals set out in this report will form the basis of the 2019/2020 revenue budget of the Council.

### **Appendices**

- Appendix 1 – Budget Savings Initiatives that are considered to have minimal or no effect on front line service delivery levels -  
These initiatives required no, or no further public consultation or impact assessment prior to consideration by Full Council as part of the 2019/20 revenue budget for implementation in 2019/20 or future years. Some internal consultation may be required prior to implementation if the initiatives have a significant impact on employees, and this will be undertaken by management as appropriate.
- Appendix 2 – Budget Savings Initiatives considered to potentially affect front line service delivery levels -  
These initiatives will form part of the 2019/20 revenue budget, and have been subject to the impact assessment process and consultation either prior to consideration by Full Council as part of the 2019/20 revenue budget, or during 2019/20 for implementation in that year or future years.
- Appendix 3 – Budget Savings Initiatives requiring further development prior to being brought forward for approval -  
These are initiatives that will be subject to the impact assessment process (where necessary) and on which the Council will consult prior to consideration via either member or officer decision (as appropriate) either during 2019/20 or in future years. The likely relevant decision making body and provisional timing is listed for each proposal, which may change depending on the nature of the final proposal.
- Appendix 4 – Revenue Budget 2019/2020
- Appendix 5 – Revenue Budget 2019/2020 – Impact Assessment (overall)
- Appendix 6 – Revenue Budget 2019/2020 – Impact Assessment (detail)
- Appendix 7 – Council Tax Bands 2019/2020
- Appendix 8 – updated Investment Strategy to 2021/2022
- Appendix 9 - Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) 2019/2020
- Appendix 10 - updated Treasury Management Practices Statement

### **Background papers**

<b>Body</b>	<b>Report title</b>	<b>Date</b>
Council	Strategic Update, Medium Term Financial Plan, Budget Proposals 2019/20, and Investment Strategy Review	5 December 2018

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