

**COUNCIL**

A meeting of the Council was held on Wednesday 18 February 2026.

**PRESENT:** Councillors J Banks, (Chair), J Kabuye (Vice-Chair), I Blades, D Branson, P Gavigan, E Clynch, C Cooke - Elected Mayor, J Cooke, C Cooper, D Coupe, D Davison, J Ewan, T Furness, L Henman, S Hill, B Hubbard, L Hurst, D Jackson, D Jones, L Lewis, L Mason, D McCabe, T Mohan, I Morrish, J Nicholson, M Nugent, J Platt, S Platt, A Romaine, J Rostron, J Rush, J Ryles, M Smiles, P Storey, J Thompson, S Tranter, Z Uddin, N Walker, G Wilson, J Young and L Young

**OFFICERS:** C Benjamin, B Carr, G Field, A Glover, L Grabham, A Humble, S Lightwing, T Odaka, E Scollay, R Williams and A Wilson,

**APOLOGIES FOR ABSENCE:** were submitted on behalf of Councillors T Grainge, N Hussain, J McConnell, J McTigue and M Saunders

25/102 **WELCOME AND FIRE EVACUATION PROCEDURE**

The Chair welcomed all present to the meeting and read out the Fire Evacuation Procedure.

25/103 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item/Nature of Business
Councillor Davison	Non pecuniary	Agenda Item 6 – relative works for organisation that monitors one of the Funds mentioned in the report.

25/104 **ANNOUNCEMENTS**

There were no announcements for this meeting.

25/105 **COUNCIL TAX REDUCTION SCHEME 2026/27**

The Executive Member for Finance presented a report that set out the proposed Council Tax Reduction (CTR) scheme (sometimes referred to as Council Tax Support) for 2026/27. Each Billing Authority in England had a statutory requirement to design and locally fund a Council Tax Reduction scheme no later than 11 March each year, approved by Full Council.

The proposed scheme for 2026/27 incorporated the minor legislative amendments to be made by Government through regulations that the Council was obliged to include.

Approval was sought to include increases to income bandings that were individual according to the household composition, so that the current level of support for claimants was maintained as far as possible and to continue to provide appropriate support for the town's financially vulnerable residents.

The proposed scheme would continue to assist low-income households through an appropriately reduced council tax charge whilst remaining affordable for the Council.

The Executive Member for Finance highlighted that this was the Council Tax Reduction Scheme which was based on income and ability to pay. There were separate discounts and exemptions, including student discount and single occupancy, which were not included in this scheme and therefore unaffected by the recommendations.

Councillor Walker moved the recommendations, which were seconded by the Mayor.

The Chair invited Members to comment on the report.

The Chair invited the Monitoring Officer to conduct a recorded vote on the recommendations contained in paragraph 2.1 of the report.

The result of the vote was as follows:

Votes for: (41)

C Cooke, (Elected Mayor), Councillors Banks, Blades, Branson, Clynch, J Cooke, Cooper, Coupe, Davison, Ewan, Furness, Gavigan, Henman, Hill, Hurst, Hubbard, Jackson, Jones, Kabuye, Lewis, Mason, McCabe, Mohan, Morrish, Nicholson, Nugent, J Platt, S Platt, Romaine, Rostron, Rush, Ryles, Smiles, Storey, Thompson, Tranter, Uddin, Walker, Wilson, J Young, L Young.

Votes against: (0)

Abstentions: (0)

On a vote being taken, it was **ORDERED** that Council approved the Council Tax Reduction Scheme for 2026/27.

25/106

### **2026/27 REVENUE BUDGET, MEDIUM TERM FINANCIAL PLAN, AND COUNCIL TAX SETTING**

The Mayor presented a report on the proposed budget for 2026/27 and the Medium Term Financial Plan (MTFP) to 2029/30, following on from previous reports presented to Executive on 17 December 2025 and 4 February 2026.

The annual budget report and Medium Term Financial Plan (MTFP) was a detailed and complex report which formed the basis of the Budget and Policy Framework. The information presented in the submitted report highlighted the key issues for consideration and provided substantial detail in the supporting appendices.

The report reflected the final Local Government Finance Settlement (LGFS) published on 9 February 2026, and updated on minor changes from the report submitted to Executive on 4 February 2026, which was based on the provisional settlement published on 17 December 2025.

The following key points from the Final LGFS and the conclusion of the recent budget consultation were included in the report:

- Government funding in the form of Fair Funding Allocation (Revenue Support Grant, Local Authority Better Care Fund, Retained Business Rates and Business Rates Top up Payment) of £130.960m in 2026/27, was an increase of £14.171m for 2026/27.
- The increase in the Council's Core Spending Power (the Government's calculation used to illustrate the overall impact of local authority funding which includes the Settlement funding, the Government's assessment of Council Tax income, and various specific grants) from 2025/26 to 2028/29 was £57.511m or 28.4% and from 2024/25 to 2028/29 £75.648m or 41.0%.
- Forecast service demand pressures and re-basing of budgets (including for reduced income levels and legislative requirements) totalling £15.549m for 2026/27 rising to £35.963m in 2029/30. This included the proposed decision by Executive not to increase school meals prices for parents who do not receive free school meals in order to support families, for which budget provision of £0.230m for 2026/27 rising to £0.371m in 2029/30 had been provided.
- Savings totalling £2.458m per annum were removed from the MTFP. The savings were found to be unachievable in the manner originally intended.
- Proposed Service Budget Growth totalling £6.460m from 2026/27.
- Proposed Corporate Demand of £0.499m per annum from 2026/27, and the continuation of the Member Led Ward Schemes budget of £0.235m p.a. from 2026/27.
- The Mayor and Executive proposed no increase in core (general) Council Tax for

2026/27, but a 2% increase in Council Tax in 2026/27 relating to the Adult Social Care precept to reflect the increased costs of the statutory duties required for Adult Social Care.

- Proposed 2026/27 Net Revenue Budget of £200.840m and a balanced Medium Term Financial Plan (MTFP) for the period 2026/27 to 2029/30.
- Capital Strategy Report for 2026/27 and proposed Capital Programme for 2026/27 to 2029/30 totalling £183.741m (including proposed new capital schemes and additions to current schemes and extension of schemes deemed Business as Usual totalling £11.735m in 2026/27 and rising to £56.633m by 2029/30), and the associated financing.
- The Flexible Use of Capital Receipts (FUoCR) Strategy for 2026/27 totalling £5.789m.
- Report of the Corporate Director of Finance (s151 Officer's) in relation to the robustness of budget estimates and the adequacy of financial reserves under s25 of the Local Government Finance Act 2003.
- Budget Consultation feedback.
- The Financial Reserves Policy for 2026/27 and the forecast level of Reserves over the MTFP period.
- The proposed Fees and Charges Policy for 2026/27.
- Education funding and the current level of the Dedicated Schools Grant (DSG) Deficit and the risk to the Council.
- The Pay Policy Statement 2026/27 which set out the Council's policies on remuneration of its staff in accordance with Section 38 of the Localism Act 2011.

The report contained a number of issues for consideration and approval by Council, and also a number of issues to note which were detailed in Section 2.

Council approval of the 2026/27 budget and proposed Council Tax was required by the statutory deadline of 11 March 2026.

The report was to be read in conjunction with the Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy 2026/27 report at Agenda Item 7 for the Council meeting. The Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy 2026/27 translated the Council's revenue income and expenditure plans and capital investment plans for the purpose of the Council's cash flow management, together with setting the framework within which the Council's investment and borrowing activity was governed.

The Mayor highlighted that there was £6.5m growth in the budget, no cuts and a low rise in Council Tax which was solely the Adult Social Care precept. The growth element of the budget would enable for example, the provision of a youth club in every Ward, free pest control and the number of neighbourhood caretakers would be doubled.

The Mayor moved the recommendations, which were seconded by Councillor Walker. Councillor Walker reserved her right to speak.

The Chair invited Members to comment on the report.

Councillors Morrish, Coupe and Rush spoke on the proposed budget and the Mayor responded to questions.

Councillor Rush proposed a motion to amend the budget report as follows:

"I move the amendment regarding enhanced quarterly financial monitoring. This amendment would require quarterly reports to Full Council detailing:

- Progress against delivery of recurring savings.
- Movements in General Fund reserves.
- Changes in the Dedicated Schools Grant deficit position.
- Borrowing levels and headroom under the Prudential Code.

This carries no official financial costs to the Government or the Council. It does not alter the balance of the budget. What it does it strengthens transparency and oversight in areas where we identified risk this evening and also shows full transparency to the public.”

Councillor Rush spoke in support of the motion.

The motion was seconded by Councillor Cooper.

Councillor Walker provided clarification that budget monitoring was an Executive function and reports were also submitted to the Overview and Scrutiny Board and usually highlighted in the Executive Member for Finance’s regular updates to Council.

Councillor Cooper spoke in support of the motion to amend the budget report.

The Mayor indicated that he was willing to accept the proposed amendment to the budget report.

The Chair briefly adjourned the meeting to seek clarification on the wording of the proposed motion to amend the budget report.

The Chair re-opened the meeting.

The Monitoring Officer clarified the amendment to the budget report.

Paragraph 2 of the Budget Report, paragraph 2.1, amended to read as follows:

“That Council is requested to approve the following as set out in 2.1.1 to 2.1.12 below:”

Paragraph 2.1.12 to be added and to read as follows:

“2.1.12 To receive reports for noting on a quarterly basis covering:

- Progress against delivery of recurring savings.
- Movements in General Fund reserves.
- Changes in the Dedicated Schools Grant deficit position.
- Borrowing levels and headroom under the Prudential Code.”

Councillor Smiles proposed a motion to amend the budget report as follows:

“To halve the current green waste service charge but for this year rather than next”.

The Chair briefly adjourned the meeting to seek clarification from the Monitoring Officer and the Chief Financial Officer on the validity of the proposed motion to amend the budget report.

The Chair re-opened the meeting.

Councillor Smiles proposed a motion without notice under Council Procedure Rule 4.8.25 (x) to suspend Council Procedure Rule 4.8.29 (c) which required that if an amendment had financial implications for the Council, notice of it must be also served, in writing, on the Chief Finance Officer at least three clear days before the meeting.

The motion was seconded by Councillor Coupe.

The Monitoring Officer clarified that whereas Council Procedure Rules required that if an amendment to the budget had financial implications for the Council, notice of it must be also served, in writing, on the Chief Finance Officer at least three clear days before the meeting, Councillor Smiles was proposing to suspend this Council Procedure Rule to enable an amendment to the budget to be proposed which had cost implications.

The Chair invited the Monitoring Officer to conduct a recorded vote on the motion without notice to suspend Council Procedure Rule 4.8.29 (c).

The result of the vote was as follows:

Votes for: (14)

Councillors Coupe, Hill, Hurst, Jackson, Jones, Mason, McCabe, Morrish, J Platt, S Platt, Rush, Smiles, Wilson, J Young.

Votes against: (25)

C Cooke, (Elected Mayor), Councillors Banks, Blades, Branson, Clynch, J Cooke, Cooper, Davison, Ewan, Furness, Gavigan, Henman, Kabuye, Lewis, Mohan, Nicholson, Nugent Romaine, Rostron, Ryles, Storey, Thompson, Tranter, Walker, L Young.

Abstentions: (1)

Councillor Hubbard.

On a vote being taken the procedural motion was REJECTED.

Councillors Mason and spoke on the proposed budget and the Mayor responded.

Councillors Henman, Kabuye and Walker spoke on the proposed budget.

The Chair invited the Monitoring Officer to conduct a recorded vote on the recommendations contained in paragraphs 2.1.1 to 2.1.12 of the report.

The result of the vote was as follows:

Votes for: (37)

C Cooke, (Elected Mayor), Councillors Banks, Blades, Branson, Clynch, J Cooke, Cooper, Coupe, Davison, Ewan, Furness, Gavigan, Henman, Hill, Hurst, Hubbard, Jackson, Jones, Kabuye, Lewis, Mohan, Morrish, Nicholson, Nugent, J Platt, S Platt, Romaine, Rostron, Rush, Ryles, Storey, Thompson, Tranter, Walker, Wilson, J Young, L Young

Votes against: (3)

Councillors Mason, McCabe, Smiles.

Abstentions: (0)

On a vote being taken, it was **ORDERED** that:

1. the following recommendations set out at paragraphs 2.1.1 to 2.1.12 of the submitted report were approved by Council:

- Proposed service budget growth of £6.460m from 2026/27 in order to reinvest in some direct services to the community and provide reinvestment in the resilience of enabling services (detailed in Appendix 3).

- Budget provision of £15.549m for 2026/27 rising to £35.963m in 2029/30 to address forecast service demand pressures and re-basing of budgets (including for reduced income levels and legislative requirements). This includes the decision by Executive not to increase school meals prices for parents who do not receive free school meals in order to support families, for which budget provision of £0.230m for 2026/27 rising to £0.371m in 2029/30 has been provided (paragraphs 4.59 to 4.61 and Appendix 1).

- Budget provision of £0.499m p.a. from 2026/27 for Corporate Demand, and the continuation of the Member Led Ward Schemes budget of £0.235m p.a. from 2026/27 (Table 7 in paragraph 4.62).

- Budget provision of £2.458m p.a. from 2026/27 to remove savings from the MTFP which are now found to be unachievable in the manner originally intended (paragraph 4.65).

- No increase in core (general) Council Tax for 2026/27, but an increase in Council Tax for 2026/27 of 2% relating to the Adult Social Care precept to fund increased costs of statutory duties in Adult Social Care (paragraph 4.30), resulting in a proposed Council Tax level (Band D) of £2,115.86 excluding parish, Fire, and Police precepts (detailed in Appendix 11).

- The proposed General Fund revenue budget for 2026/27 with a net budget requirement of £200.840m (Appendix 5).

- The Financial Reserves Policy for 2026/27 (Appendix 7) including the proposed contributions to reserves to strengthen the Council's financial resilience and the setting up of a new Budget Smoothing Reserve from 2026/27.
- The proposed Fees & Charges Policy for 2026/27, and the schedule of fees and charges arising from the application of the approved policy for 2026/27 (Appendix 8).
- The Capital Strategy Report 2026/27 and the proposed 2026/27 to 2029/30 Capital Programme totalling £183.741m which includes the addition of new Council funded schemes and additions to current schemes and extension of schemes deemed Business as Usual totalling £11.735m in 2026/27 and rising to £56.633m by 2029/30, and the associated financing statement (Appendix 9).
- The Flexible Use of Capital Receipts (FUoCR) Strategy for 2026/27 including transformation and redundancy expenditure as part of the Transformation Programme amounting to £5.789m which can be capitalised in 2026/27 (Appendix 10).
- The Pay Policy Statement for 2026/27 which sets out the Council's policies on remuneration of its staff in accordance with Section 38 of the Localism Act 2011 (Appendix 13).
- To receive reports for noting on a quarterly basis covering:
  - Progress against delivery of recurring savings.
  - Movements in General Fund reserves.
  - Changes in the Dedicated Schools Grant deficit position.
  - Borrowing levels and headroom under the Prudential Code.

2. the following key issues set out in paragraphs 2.2.1 to 2.2.10 of the submitted report were noted by Council:

- The statutory s25 report of the Council's Section 151 Officer in respect of the robustness of the estimates within the budget and the adequacy of reserves (Appendix 6).
- That the Council's S151 officer recommends that the Council increases the Council Tax each year by the maximum allowed by the Government due to the reasons outlined in paragraph 4.31. However, whilst not recommended, given the improved financial position and financial resilience of the Council and the improved governance and budget spending controls that exist, and the increased Government funding available to the Council it is possible to financially accommodate a decision by the Mayor and Executive for a lower than maximum increase in core (general) Council Tax to be proposed to Council for 2026/27 (paragraph 4.32). Also, it is recommended that no decisions are made in relation to 2027/28 and 2028/29 Council Tax increases, and these should be made at a later date when there is more certainty on the financial position (paragraph 4.33).
- The updated financial planning assumptions in the Council's Medium Term Financial Plan following the publication of the Final Local Government Finance Settlement (LGFS) on 9 February 2026, and updates on the minor changes from the report to Executive on 4 February 2026 which was based on the Provisional Local Government Finance Settlement published on 17 December 2025.
- Government funding in the form of Fair Funding Allocation (Revenue Support Grant, Local Authority Better Care Fund, Retained Business Rates and Business Rates Top up Payment) of £130.960m in 2026/27 (summarised in Table 1a in paragraph 4.14), which is an increase of £14.171m for 2026/27 (as shown in Table 1b in paragraph 4.14).
- The increase in the Council's Core Spending Power (the Government's calculation used to illustrate the overall impact of local authority funding which includes the Settlement funding, the Government's assessment of Council Tax income, and various specific grants) from 2025/26 to 2028/29 is £57.511m or 28.4% and from 2024/25 to 2028/29 £75.648m or 41.0% (paragraph 4.17).
- That there is no requirement currently for the Council to make any additional further

budget savings in 2026/27 other than those already included in the current MTFP, however work will continue to identify and deliver efficiencies and savings in the future through robust budget monitoring and the Transformation Programme (paragraphs 4.63 and 4.69).

- The updated Medium Term Financial Plan position for 2026/27 to 2029/30 highlighting a balanced budget each year for the MTFP period (Table 12 in paragraph 4.74).
- The feedback of the budget consultation exercise (paragraphs 4.76 to 4.86 and Appendix 4).
- The forecast level of Council reserves over the period of the MTFP from 2026/27 to 2029/30 following the proposed budget, and that the proposed budget and MTFP should not negatively impact reserves levels in the medium term. The estimated balances on unrestricted usable revenue reserves as at 1 April 2026 of:
  - General Fund balance - £11.100m
  - Unrestricted Usable Earmarked reserves – £14.837m.
- Details of the Dedicated Schools Grant (DSG) Grant for 2026/27 and the allocation to schools, the forecast total cumulative DSG deficit of £31.213m on 31 March 2026, and the risk to the Council arising from this (Appendix 12).

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### **PRUDENTIAL INDICATORS 2026/27 TO 2029/30 AND TREASURY MANAGEMENT ANNUAL STRATEGY REPORT 2026/27**

The Executive Member for Finance presented the Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy Report 2026/27.

Council was required to approve a Treasury Management Strategy and a set of Prudential Indicators annually, which self-regulated the level of capital financing activities of the Council and the affordability of the capital programme. These needed to be set on an annual basis to comply with the Local Government Act 2003 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Codes of Practice on Capital Finance and Treasury Management.

The Treasury Management Strategy was important from both a financial and governance perspective as it set the framework within which the Council managed its borrowing and investments, how it delivered these services, and how it controlled the risks attached to any decisions made. It also set out the parameters and criteria that governed the day-to-day cashflow management activity and how these impacted on the medium to long term financial planning. These included achieving value for money from any borrowing undertaken, managing risk, and protecting any resources that had been invested.

The Prudential Indicators were an integral part of the CIPFA Capital Finance Code and demonstrated whether the capital programme was affordable, sustainable, and prudent. They included the level of capital expenditure over the next four years, how this had been financed, the maximum level of external debt and the cost to the revenue budget.

The Minimum Revenue Provision (MRP) policy governed how the Council planned to account for the repayment of loan principal in relation to its borrowing activities and had a fundamental impact upon the annual revenue cost of borrowing and over the long term. The current MRP policy was based on a 2% annuity model in line with many other local authorities. The Council took the decision during the 2022/23 financial year to review the MRP policy, the effect of which was to achieve improved affordability on an annual basis over the short to medium term, although there were higher revenue charges in 25–50 years' time.

The Council's underlying need to borrow was measured by the Capital Financing Requirement which was forecast to reach £312.383m during 2025/26, rising to £335.755m by the end of 2026/27 and increasing still further, to £358.733m by the end of 2029/30. This resulted in the revenue cost of borrowing as detailed in the table at page 2 of the submitted report.

Whilst the Council was not an outlier in terms of its level of total debt it was reaching its limit of revenue affordability on borrowing to fund its future capital investment. Changes to the Local Government Finance Settlement and how the net revenue budget had been calculated had changed significantly with the Fair Funding Review 2.0 and were not now comparable post the 2026/27 budget.

The Council would need to review what the affordability threshold would be in this context and whether the 10% best practice amount previously recommended by CIPFA was still relevant. Capital investment was important for the ongoing Council plan ambitions, however, there continued to be a need to be prudent, sustainable and affordable. It would still benefit from prioritising its capital investment decisions over the medium and longer term and should secure its financing through third party funds such as contributions and grants and capital receipts from the sale of assets to minimise future borrowing.

The Executive Member drew Members' attention to the graph at page 3 of the submitted report which detailed the total debt as a percentage of core spending power (2024/25) for all English unitary authorities and highlighted that Middlesbrough Council's debt was below average.

The Executive Member for Finance moved the recommendations, which were seconded by the Mayor.

Councillor Rush spoke on the report and Councillor Walker responded. Since some of Councillor Rush's questions were of a technical nature, Councillor Walker invited Councillor Rush to forward her questions via email and a written response would be provided.

The Chair invited the Monitoring Officer to conduct a recorded vote on the recommendations contained in paragraph 2.1 of the submitted report.

The result of the vote was as follows:

Votes for: (36)

C Cooke, (Elected Mayor), Councillors Banks, Blades, Branson, Clynch, J Cooke, Cooper, Coupe, Davison, Ewan, Furness, Gavigan, Henman, Hill, Hurst, Hubbard, Jackson, Jones, Kabuye, Lewis, Mason, Mohan, Morrish, Nicholson, J Platt, S Platt, Romaine, Rostron, Ryles, Storey, Thompson, Tranter, Walker, Wilson, J Young, L Young.

Votes against: (2)

Councillors McCabe and Rush.

Abstentions: (1)

Councillor Smiles

On a vote being taken, it was **ORDERED** as follows that Council approved:

- The Prudential Indicators and Limits for 2026/27 to 2029/30 relating to capital expenditure and treasury management activity set out in tables 1 to 9 of Appendix 1.
- The Treasury Management Strategy for 2026/27, which includes the Annual Investment Strategy for that financial year.
- The Minimum Revenue Provision (MRP) Policy for the 2026/27 financial year.
- An Authorised Limit for External Debt of £354 million for the 2026/27 financial year.